



**IMPACT CAPITAL ASSET MANAGEMENT**

20 March 2026

# **Dezign Format Group Limited Results Update**



## **EQUITY RESEARCH REPORT**

IMPACT CAPITAL ASSET MANAGEMENT PTE LTD  
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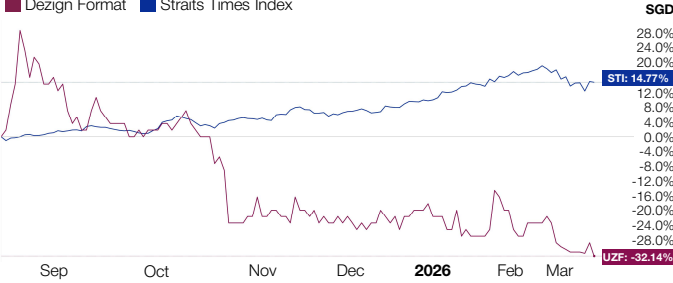
**NON-RATED** (Results Update)  
**Last Traded Price (20 March 2026):** S\$0.19  
**12-month Target Price:** N.A.

**Analysts**

Atul Tetambe and Tan Kian Wei

**Post IPO performance (incl. dividends)**

■ Dezign Format ■ Straits Times Index



Details: 20 March 2026

**Summary statistics:**

Current price (S\$):	0.19
Ticker:	UZF SI
Bloomberg:	DFG SP
Market Cap (S\$m):	38.00
EV (S\$m):	35.54
Average Volume (3-month):	31.46k
Current shares o/s:	200.0m
Free float:	n.a.

All figures in S\$m except otherwise stated

Dec 2022 Dec 2023 Dec 2024 Dec 2025

**Summary financials:**

Revenues:	18.3	26.0	33.4	33.1
EBITDA:	2.5	4.5	6.6	3.0
EBITDA margin (%):	13.8%	17.1%	19.6%	9.2%
Operating Income:	1.8	3.7	5.8	2.1
Operating Income margin:	9.7%	14.3%	17.2%	6.5%
Net Income:	1.6	3.3	5.0	1.2
Net Margin (%):	9.0%	12.6%	15.0%	3.5%
EPS (SG Cents):	0.98	1.95	3.00	0.58
ROA:	8.4%	13.2%	16.7%	4.6%
ROE:	19.3%	36.5%	42.6%	10.4%
ROCE:	15.4%	32.5%	47.2%	16.4%
Current ratio (x):	1.8x	1.4x	1.2x	1.6x
Cash conversion (days):	74 days	43 days	(42 days)	(10 days)

**Revenue was not the problem**

**FY2025 did not show a collapse in activity.** Revenue fell only 1.0% to S\$33.1m, and the company still delivered more than S\$28m from its core Event, Exhibition and Décor business. The problem was what happened below revenue. Gross profit fell 9.3%, profit before tax fell 64.0%, and net profit fell 77.1%. **This changed the tone of the story. The key issue is no longer whether demand exists. The key issue is whether the group can still convert demand into acceptable profit after listing and expansion.**

**Margin pressure was broad**

**The pressure was visible across both project delivery and central costs.** Gross margin fell to 35.5% from 38.8% as employee compensation, levy costs, lease expense, and location-based entertainment (LBE) related fitting-out costs rose within cost of sales. General and administrative expense rose 27.2% to S\$10.0m, including S\$1.09m of IPO costs but also higher staff costs, depreciation, and legal and professional fees. Part of the pressure should fade. Part of it now looks tied to a structurally heavier operating base.

**Cash conversion weakened sharply**

**The bigger concern in FY2025 was the cash-flow reversal.** Operating cash flow moved to an outflow of S\$3.0m from an inflow of S\$6.1m in FY2024. Receivables rose, contract assets increased, and contract liabilities fell sharply. That left the group with weaker billing and collection support than it carried before listing. Reported earnings can recover with the help of lower one-off costs. Cash conversion usually needs stronger execution.

**Malaysia raised the stakes**

**Malaysia is now a real balance-sheet commitment rather than a future talking point.** FY2025 capex rose sharply, net PP&E increased to S\$4.2m from S\$1.5m, and borrowings also moved higher. Management has linked this build-out to future gains in supply chain control and production efficiency. That may still happen. But FY2026 now needs to show that the Johor facility can support better margins and cleaner delivery rather than simply adding depreciation and capital intensity.

**LBE is still secondary**

**Immersive LBE remains too small to drive the near-term financial case.** Segment revenue was only S\$0.12m in FY2025, and the segment recorded a loss. The group continues to present LBE and proprietary IP as longer-term growth areas, but current results show that the core Event, Exhibition and Décor business (EEDS) still carries the group. That means the quality still depends first on core project execution and working-capital control.

**Market is waiting for proof**

**The stock price has adjusted to this reset.** After closing its first trading day at S\$0.28 and later reaching S\$0.36, the shares fell back to S\$0.19 by 20 March 2026, below the S\$0.20 IPO price. The market has moved away from rewarding expansion narrative and is waiting for proof that margins, cash flow, and execution can stabilize. That is the right frame for FY2026. **The company still has room to recover, but the burden of proof is now much higher than it was at listing.**

***FY2025 left the revenue base largely intact, but it showed that the next phase of the story depends on restoring margin discipline, cash conversion, and execution quality.***

# FY2025 Reset

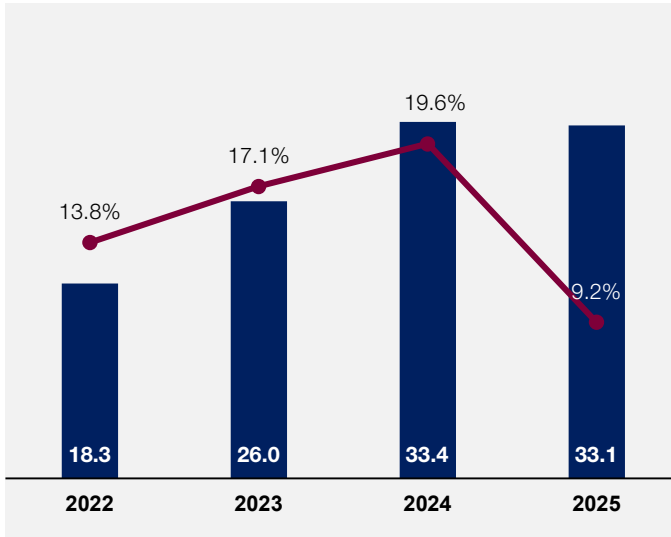
Revenue was broadly stable, but profit and cash flow deteriorated sharply

## Revenue held but profit could not

**Dezign Format Group's (DFG) FY2025 performance was a profit reset, not a revenue collapse.** Revenue slipped only 1.0% to S\$33.1m from S\$33.4m, but gross profit fell 9.3% to S\$11.8m, pre-tax profit fell 64.0% to S\$2.0m, and net profit fell 77.1% to S\$1.15m. This is significant because the core debate is no longer whether demand exists. It does. The issue is whether the group can still convert that demand into acceptable margins after listing, expansion spending, and a weaker project mix. The shape of the P&L now looks much less forgiving than it did at IPO.

### DFG Financial Performance (FY2022 – 2025)

Revenue, S\$m and EBITDA margins %



Source: Company filings

## Margin reset was broad

**The earnings damage came from both weaker gross margin and heavier overhead.** Gross margin fell to 35.5% from 38.8% as cost of sales rose despite slightly lower revenue. At the same time, general and administrative expense rose 27.2% to S\$10.0m, taking total expenses up 28.0%. The pressure ran through project economics and overhead absorption at the same time. When both move against the company in one year, a small revenue shortfall can still produce a large earnings miss.

## IPO costs are important but only partly

**IPO costs were meaningful, but they do not explain the full reset on their own.** The FY2025 results show S\$1.087m of IPO-related costs expensed off. That is large relative to FY2025 profit and clearly depressed reported earnings. But even after allowing for that, the year still showed lower gross profit, higher employee compensation, and higher legal and professional fees. The clean read is that the listing cost amplified the decline, but the underlying business also faced real operating pressure. FY2025 should not be framed as only an accounting or listing-noise issue.

## Strategic spend raised the bar

**Management had already signaled that FY2025 would carry front-loaded spending tied to LBE, IP development, and the Malaysia facility.** The February 2026 profit guidance said profitability was affected by strategic expenditure on immersive LBE and proprietary IP, setup costs for the Malaysia manufacturing facility, inflationary pressure, headcount additions, IPO costs, and a tax under-provision. That helps explain why profit fell much faster than revenue. But it also changes the burden of proof into FY2026. Once these costs have been incurred, evidence is now needed that capacity, capability, and platform investment can translate into better delivery rather than simply a larger cost base.

## Cash flow was the bigger shock

**The sharper warning sign was cash conversion, not just weaker earnings.** Operating cash flow swung to an outflow of S\$3.0m from an inflow of S\$6.1m in FY2024. The main driver was a S\$5.69m working capital drag from contract assets and liabilities, alongside a S\$2.11m increase in trade and other receivables and a S\$0.91m decline in payables. This is important because the pre-IPO case had benefited from strong cash conversion. In FY2025, that support disappeared. A weaker earnings year can be absorbed. A weaker earnings year plus negative operating cash flow is much harder to dismiss.

## Balance sheet stayed net cash

**The balance sheet did not break, but it became less clean.** Cash and cash equivalents fell to S\$4.86m from S\$7.65m, while total bank borrowings rose to S\$2.06m from S\$1.25m. Property, plant and equipment rose sharply to S\$4.20m from S\$1.46m, consistent with heavier investment. At the same time, current contract liabilities fell to S\$2.46m from S\$6.73m, while contract assets rose to S\$1.63m from S\$0.21m and trade and other receivables rose to S\$11.35m from S\$9.24m. That mix is still manageable, but it is less favorable than it was at listing.

## What the FY2025 earnings update indicates

**FY2025 looks less like a temporary pause in growth and more like the first real test of whether the post-listing investment case can hold under pressure.** Revenue proved relatively resilient, which is important. But the company lost margin, lost cash conversion, and took on a more demanding execution agenda at the same time. That does not invalidate the strategy, but it does narrow the room for error. The next step is not to assume recovery. It is to test whether FY2026 shows better margin discipline, cleaner working capital behavior, and evidence that Malaysia and other growth spending are producing returns.

## Returns reset

**Returns ratios fell sharply in FY2025, which shows the pressure was broader than one weak reporting line.** Operating margin fell to 6.5% from 17.2% in FY2024. ROE fell to 10.4% from 42.6%, ROCE fell to 16.4% from 47.2%, and ROIC fell to 9.2% from 39.2%. Asset turnover improved to 1.3x from 1.1x, so the weaker return profile came mainly from lower profit conversion rather than weaker asset use. This strengthens the point that FY2025 was a profitability and cash-quality reset, not a demand collapse.

*FY2025 did not show a collapse in activity, but it did show that revenue resilience alone is not enough when margins and cash conversion both weaken.*

# What changed since initiation

FY2025 shifted the debate toward execution and cash discipline

## What held up

**Revenue did not break in FY2025, which matters because the update is about quality, not demand collapse.** Revenue was S\$33.1m, down only about 1.0% from S\$33.4m in FY2024. The core Event, Exhibition and Décor business remained the main revenue engine at S\$28.2m, or about 85% of group sales. Commercial and Retail Fit-Out also improved modestly. That means the revenue base has not fallen apart since listing. The harder issue is that the same revenue base produced much weaker profit and cash flow, which changes how the market should assess execution quality.

## What weakened

**The biggest change since initiation is that earnings quality weakened much faster than revenue.** Operating margin fell to 6.5% from 17.2%, while net margin fell to 3.5% from 15.0%. Operating cash flow also swung to negative S\$3.0m from positive S\$6.1m. Receivables and contract assets rose, while contract liabilities fell sharply. That is a meaningful shift in quality. The business is no longer being judged only on growth potential and customer traction. It is now being judged on whether it can convert activity into cleaner profit and cleaner cash.

## Malaysia is now real

**Malaysia has moved from strategic plan to funded execution item.** FY2025 PP&E additions rose to S\$3.53m from S\$0.29m, and the group added borrowing secured against the Malaysia land and building. This matters because the Malaysia story is no longer theoretical. The balance sheet now carries the cost of that decision. The test for FY2026 is straightforward. The new asset base must improve fabrication efficiency, project delivery, and cost control. If those benefits do not show up, the company will simply have become more asset-heavy without a matching improvement in operating returns.

## LBE still needs proof

**LBE remains too small to support the group-level investment case today.** FY2025 LBE revenue was only S\$0.1m and the segment was loss-making. That does not mean the business has no strategic value. It means this should be treated as an early option rather than as a proven contributor. Since initiation, the main lesson is that LBE can still support the long-term narrative, but it does not yet support near-term earnings. The core debate still sits with the main Event, Exhibition and Décor franchise, margin recovery, and cash conversion.

## The debate needs to be re-articulated

**Since initiation, the debate has shifted from whether the business model is attractive to whether management can execute cleanly after listing and expansion.** The old question was whether DeSign Format had credible growth levers. The new question is whether those levers can produce better margins, steadier cash generation, and disciplined capital use. That is a tougher standard, but it is the right one after FY2025. Investors do not need a new story. They need evidence that the post-listing asset build and cost base can support stronger operating outcomes in FY2026.

### Initiation vs. actuals

At initiation	FY2025 reality
Revenue growth case looked intact	Revenue broadly held at S\$33.1m, down only 1.0%
Margin discipline looked strong	Operating margin fell to 6.5% from 17.2%
Cash conversion was a strength	OCF moved to -S\$3.0m from +S\$6.1m
Malaysia was a strategic upside	PP&E rose to S\$4.20m and borrowings to S\$2.06m
LBE was a future option	LBE revenue was only S\$0.12m and segment loss-making

Source: ICAM research

*The thesis did not break, but FY2025 raised the burden of proof from narrative to operating delivery.*

# Earnings reset explained

Profit fell far faster than revenue as gross margin weakened, costs stepped up, and one-off IPO charges

## Revenue was not the issue

**FY2025 was not a revenue collapse, which is why the earnings decline needs to be read through cost and margin rather than sales alone.** Revenue slipped only 1.0% to S\$33.1m from S\$33.4m. That is a manageable decline on its own. The problem is that the cost base did not adjust with it. A near-flat top line would normally support a much more stable earnings outcome than the one delivered. That is why the key task on this page is to identify where the margin was lost and which cost lines moved sharply enough to reset profit.

## Gross margin fell back

**The first part of the earnings reset came from weaker gross margin.** Gross profit fell to S\$11.8m from S\$13.0m, and gross margin declined to 35.5% from 38.8%. That is significant because gross margin had been improving steadily through FY2024, so FY2025 broke that progression. **Management linked the weaker outcome to project mix and inflationary pressure. Whether that proves temporary or not will depend on how much of the pressure came from one-year execution issues and how much reflects a more difficult bidding and delivery environment.** For now, the gross-profit line clearly did part of the damage.

## Overheads rose sharply

**The second driver of the earnings reset was a much heavier overhead base, with both one-off and recurring increases.** General and administrative expenses rose 27.2% to S\$10.01m from S\$7.87m. That compares with S\$6.41m in 2023 and S\$5.08m in 2022, so the cost base has been rising for several years and stepped up again in FY2025. The largest single item was S\$1.09m of IPO-related expenses. Beyond that, employee compensation increased to S\$5.79m from S\$5.04m, depreciation rose to S\$0.89m from S\$0.79m, legal and professional fees rose to S\$0.45m from S\$0.21m, insurance charges rose to S\$0.15m from S\$0.07m, and software subscriptions rose to S\$0.17m from S\$0.11m. There was some offset from the removal of the S\$0.24m management fee booked in FY2024, but that saving was too small to offset the broader rise. **This left the group with a meaningfully higher operating cost base before any clear payback was visible in revenue or cash flow.**

## IPO costs distorted earnings

**IPO costs were material, but they do not explain the full decline in profit.** IPO-related expenses expensed off were S\$1.09m in FY2025. That is large relative to FY2025 operating income of S\$2.14m, so it clearly distorted reported earnings. But it should not be treated as the sole explanation. Gross profit was already lower, staff costs were already higher, and depreciation and professional fees also moved up. The right reading is that IPO costs made a weak year look worse, but the underlying earnings picture was already under pressure even before that one-off item is stripped out.

## Tax worsened the drop

**Tax made the reported earnings decline even steeper because FY2025 included a prior-year under-provision.** Income tax expense rose to S\$0.88m from S\$0.63m even though profit before tax fell to about S\$2.03m from S\$5.65m. The main reason was a S\$0.34m under-provision of current income tax for prior financial years, compared with a S\$0.05m over-provision in FY2024. Excluding prior-year adjustments, current-year tax on FY2025 profit was S\$0.54m, below FY2024's S\$0.67m. That means the higher headline tax charge was not caused by stronger current earnings. It came from a correction item landing in a year when profit was already weak. The result was that net profit fell 77.1% to S\$1.15m from S\$5.03m, much sharper than the 64.0% drop in profit before tax.

## Returns quality weakened

**Return ratios fell sharply in FY2025 because lower operating margin drove most of the change.** In the DuPont breakdown, operating margin fell to **6.5%** from **17.2%**, while asset turnover improved to **1.3x** from **1.1x** and financial leverage eased to **2.3x** from **2.5x**. Tax burden also fell to **0.6x** from **0.9x**, reflecting the heavier tax charge on lower pre-tax profit. As a result, ROE dropped to **10.4%** from **42.6%**. The same pattern appears in operating return measures, with ROCE falling to **16.4%** from **47.2%** and ROIC falling to **9.2%** from **39.2%**. This points to weaker earnings quality rather than simple balance-sheet inefficiency.

## What may reverse

**Some parts of the FY2025 earnings decline should ease, but not all of them.** IPO costs should not recur at the same scale, which provides a natural year-on-year benefit. But investors should be more careful with the rest. A higher depreciation base is likely to remain if Malaysia assets are now in place. Staff costs may not roll back unless management actively rebalances the cost base. Gross margin recovery also still needs proof. The right conclusion is not that FY2025 can simply be normalised away. It is that FY2026 should improve, but the scale of improvement depends on genuine execution, not just one-off washout.

*FY2025 profit fell because the company absorbed weaker gross margin, a much heavier cost base, and one-off IPO charges all in the same year*

# Cash flow and working capital

Operating cash flow turned negative as billing, collections, and project timing moved against the group

## OCF turned negative

**FY2025 operating cash flow moved from a source of support to a point of pressure.** Net cash used in operating activities was S\$3.0m in FY2025 versus net cash provided of S\$6.1m in FY2024. Cash used in operations before interest and tax was S\$2.1m, compared with cash generated from operations of S\$6.2m a year earlier. That reversal is large relative to FY2025 net profit of S\$1.15m. It shows that the problem was not only lower earnings. The company also converted those earnings into cash far less effectively than it did before listing.

## Working capital drove it

**The main driver of the cash reversal was a much larger working-capital outflow.** Trade and other receivables increased by S\$2.11m in FY2025, contract assets and liabilities created a further S\$5.69m outflow, and trade and other payables fell by S\$0.91m. Those three lines alone explain most of the change in operating cash generation. By comparison, inventories were broadly flat and other current assets released S\$3.30m of cash. The picture is clear. The business collected cash later, billed less favorably against project progress, and had less support from customer advances and payables than in FY2024.

## Receivables moved up

**Receivables increased at a time when revenue was flat, which points to weaker collection timing or billing conversion.** Trade and other receivables rose to S\$11.35m at year-end from S\$9.24m. Within that, trade receivables from non-related parties increased to S\$9.42m from S\$7.64m. Other receivables also rose to S\$0.57m from S\$0.03m, while grant receivables increased to S\$0.35m from S\$0.14m. Revenue declined only 1.0% year on year, so the rise in receivables cannot be explained by top-line growth. This leaves timing of invoicing, collection discipline, or project completion profile as the more likely explanation.

## Contract profile weakened

**The contract asset and liability mix became less favorable for cash.** Contract assets rose to S\$1.63m from S\$0.21m, while contract liabilities fell sharply to S\$2.46m from S\$6.73m. The largest movement was in EEDS contract liabilities, which dropped to S\$1.42m from S\$6.22m. Commercial contract liabilities increased to S\$1.05m from S\$0.51m, but that was too small to offset the broader decline. This shift suggests the group ended FY2025 with less cash collected ahead of delivery and more work completed ahead of billing. That is a weaker position for a project business that had previously benefited from milestone billing and deposits.

## Fulfilment costs unwound

**Other current assets fell because previously capitalized fulfilment costs were recognized through the P&L, which helped cash mechanically but did not solve the wider issue.** Other current assets decreased by S\$3.30m, mainly because costs to fulfil services fell to S\$1.21m from S\$4.50m. EEDS fulfilment costs alone fell to S\$1.11m from S\$4.46m. This release supported the working-capital bridge, but it was overwhelmed by the rise in receivables and the drop in contract liabilities. While this line provided some relief, it does not change the broader conclusion that cash conversion weakened sharply.

## Tax outflow added pressure

**Cash taxes were also much higher, which made the reported cash flow even weaker.** Income tax paid rose to S\$0.93m from S\$0.17m. That increase came in a year when accounting profit was already much lower. Some of this reflects timing, but it still reduced financial flexibility in FY2025. When operating cash generation turns negative, a larger tax cash outflow becomes more visible because there is less internal cash to absorb it. This is one reason the year-end cash balance fell despite IPO proceeds and new borrowings.

## Cash conversion broke

**Cash conversion ratios deteriorated sharply in FY2025 and support the weaker working-capital reading.** OCF as a share of net income fell to **(259.4%)** from **122.0%** in FY2024, while FCF as a share of revenue fell to **(19.7%)** from **17.5%**. Those ratios are consistent with the rise in receivables, the increase in contract assets, and the drop in contract liabilities. They also explain why the year felt weaker than the income statement alone suggests. Reported profit stayed positive, but cash generation moved decisively in the opposite direction.

## What we need to see

**The FY2025 cash flow profile leaves FY2026 with a simple set of tests.** Receivables need to stop rising faster than revenue. Contract liabilities need to stabilize rather than keep shrinking. Contract assets need to stay controlled. And operating cash flow needs to move back toward profit instead of away from it. None of these fixes requires rapid revenue growth. They require cleaner billing, collections, and project close-out. That is the part of the story that now needs proof.

*FY2025 showed that the pressure on the business was not confined to profit, because the cash conversion profile also deteriorated sharply.*

# Malaysia expansion spend and balance sheet impact

Expansion spending accelerated while the balance sheet stayed net cash but became less conservative

## Capex stepped up

**FY2025 was a real capex year, not just a strategy year.** Additions to property, plant and equipment rose to S\$3.53m from S\$0.29m in FY2024, while year-end PP&E increased to S\$4.20m from S\$1.46m. The filing links this mainly to land and building, renovations, and machinery in Malaysia, together with machinery in Singapore. That scale of spend matters for a company of this size. It means the Malaysia build-out is now sitting on the balance sheet and must be judged on future delivery, margin support, and cash conversion rather than on narrative alone.

## Malaysia is now operationally important

**Malaysia has moved from a growth plan into a funded operating commitment.** The February 2026 profit guidance said FY2025 profitability was affected by front-loaded setup and related costs for the Malaysia manufacturing facility. The results now show that this was backed by real asset growth and new borrowing rather than by small preparatory spend. The key point for FY2026 is no longer whether Malaysia sounds logical. **It is whether the added asset base improves cost control, fabrication efficiency, and project delivery enough to support better margins and cleaner cash generation.**

## Borrowings increased

**The group added debt to support the heavier asset base, even though it remained in a net cash position.** Total bank borrowings rose to S\$2.06m at end-FY2025 from S\$1.25m a year earlier. The debt mix also changed. Current borrowings fell to S\$0.18m from S\$1.25m, while non-current borrowings increased to S\$1.87m from zero. Proceeds from bank borrowings during FY2025 were S\$2.08m, while repayments were S\$1.47m. The weighted average effective interest rate rose to 4.00% from 2.24%. The company did not lever up aggressively, but funding is now more expensive and more tied to long-lived assets. **Debt-to-equity rose to 0.2x from 0.1x, which is still modest but directionally less conservative than the pre-expansion balance-sheet profile.**

## Net cash stayed positive

**Liquidity remained intact, but the cash buffer narrowed.** Cash and cash equivalents fell to S\$4.86m from S\$7.65m. Even after the rise in borrowings, the group still ended FY2025 in a net cash position of about S\$2.80m, versus about S\$6.40m in FY2024. That is still healthy on a simple balance-sheet view. But the decline is material when read alongside negative operating cash flow, higher capex, and the final dividend proposal. A net cash balance is useful, but it is less reassuring when cash generation is weak and expansion spending is still being absorbed. **Liquidity ratios improved on paper, with the current ratio and quick ratio both rising to 1.6x from 1.2x, but that improvement sat alongside weaker operating cash flow and a smaller cash balance.**

## Financial assets add noise

**Balance-sheet quality also weakened because quoted financial assets became much smaller and more volatile.** Financial assets at fair value through other comprehensive income fell to S\$0.92m at end-FY2025 from S\$6.10m at end-FY2024, following a S\$5.19m fair value loss during the year. This does not affect operating profit in the same way as project execution, but it changes the quality of the asset side. A balance sheet supported by cash and working capital is easier to underwrite than one that includes more market-sensitive assets. The fall also means there is less non-core financial value available to cushion future operating volatility.

## Liabilities were mixed

**Headline liabilities were stable, but the liability mix became less supportive for cash flow.** Trade and other payables were broadly flat at S\$8.20m versus S\$8.30m a year earlier. The more important movement was contract liabilities, which fell sharply to S\$2.46m from S\$6.73m. That matters because contract liabilities represent customer cash received ahead of delivery. Their decline means the group ended FY2025 with less customer pre-funding on the balance sheet. Current income tax liabilities also did not rise as much as some draft text suggests. They were S\$0.76m at FY2025 versus S\$0.81m at FY2024.

## What balance sheet quality implies

**The balance sheet still works, but it now depends more heavily on execution than it did at listing.** Malaysia capex, higher depreciation, new secured borrowing, lower cash, and a much smaller pool of quoted financial assets all mean the group has less room for a second weak year of cash conversion. The next test is straightforward. The added Malaysia asset base must support better delivery, steadier margins, and cleaner working capital behavior. If that does not happen, FY2025 will look less like a transition year and more like the point where the business became structurally more capital intensive without a matching payoff.

*FY2025 left the group with enough balance-sheet capacity, but the added Malaysia asset base now must earn its place through better margins, cleaner delivery, and stronger cash generation.*

# Segment reality check

The core business is still carrying the group, but LBE still remains small

## Core segment still dominates

**The Event, Exhibition and Décor Services (EEDS) segment still defines the group's earnings profile.** In FY2025, it generated S\$28.22m of external revenue, or about 85% of group sales, versus S\$28.92m and about 87% in FY2024. Segment profit was S\$10.59m versus S\$11.50m a year earlier. That decline was not dramatic in absolute terms, but it is important because this segment remains the main source of operating profit. The group's wider earnings pressure therefore came from deterioration in the core engine, not from weakness in a side business. The key question for FY2026 is whether this segment can regain margin discipline while absorbing a larger internal cost base.

## Revenue mix shifted

**The shape of core segment revenue changed meaningfully during FY2025.** Event, Exhibition and Décor revenue recognized at a point in time fell to S\$6.63m from S\$17.21m, while revenue recognized over time rose to S\$21.59m from S\$11.71m. **That is a sharp mix shift within the same business line. It suggests the project base tilted toward longer-duration contracts or different billing and delivery patterns.** This does not automatically mean lower quality, but it fits with the working-capital pressure seen elsewhere in the accounts. When more revenue is recognized over time, control over billing milestones and collections becomes more important to protect cash conversion.

## Fit-out stayed profitable

**Commercial and Retail Fit-Out remained a smaller but still profitable contributor.** FY2025 external revenue rose to S\$4.77m from S\$4.37m, while segment profit increased modestly to S\$1.50m from S\$1.43m. This segment therefore held up better than the group headline numbers suggest. **Even so, its scale is still limited at about 14% of FY2025 sales. That means it can provide some earnings support, but it cannot carry the group if the core EEDS segment remains under pressure.** The fit-out business looks stable rather than transformative, and that is the right way to frame it at this stage.

## LBE remains small

**Immersive LBE is still too small to anchor the equity story on current numbers.** FY2025 external revenue was only S\$0.12m, down from S\$0.13m in FY2024, and the segment moved to a loss of S\$0.76m from a profit of S\$0.04m. The group also booked S\$0.19m of renovation and fitting cost for LBE inside cost of sales, while the profit guidance referred to intentional expenditure in immersive LBE and proprietary IP development. This shows LBE is currently an investment line, not an earnings pillar. It may still become more relevant later, but on FY2025 evidence it remains option value rather than a driver of group financial performance.

## Central costs stayed heavy

**A large share of the profit reset still sits outside segment results, which means central cost discipline is a major part of the story.** Segment profit across EEDS, Fit-Out, and LBE totaled about S\$11.34m in FY2025, but the group reported profit before tax of only S\$2.03m. The gap was driven by the "Others" bucket, which recorded a loss of S\$8.96m versus a loss of S\$7.22m in FY2024. This reflects group-level employee costs, depreciation, finance costs, IPO charges, and other central expenses. The takeaway is straightforward. Even if the operating segments hold up reasonably well, group earnings can remain weak if central overheads stay elevated.

## 2H FY2025 was soft

**The second half of FY2025 showed how thin the margin of safety became.** In 2H FY2025, group revenue was S\$16.36m versus S\$17.61m in 2H2024, but profit before tax fell to a loss of S\$0.15m from a profit of S\$3.30m. EEDS segment profit declined to S\$5.34m from S\$6.58m. Fit-Out segment profit fell to S\$0.95m from S\$1.18m. LBE recorded a segment loss of S\$0.72m versus break-even to small profit a year earlier. The operating picture therefore weakened into the second half rather than improving through the year. That raises the bar for any early FY2026 recovery argument.

## What segment data says

**The segment data points to a simple conclusion: The listed growth agenda is still being funded by the legacy project business.** EEDS remains the cash and profit center. Fit-Out is useful but not large enough to change the group profile. LBE is currently a cost center with strategic potential but very limited revenue contribution. That means the near-term investment case still depends on protecting execution quality in the core business while keeping central costs under tighter control. Until LBE becomes commercially visible at a larger scale, it should be treated as secondary.

*FY2025 showed that the core project business still carries the group, while newer growth areas remain too small to offset pressure on margin, overhead absorption, and cash conversion.*

# What to watch?

The stock has given back its early post-listing premium and FY2026 now needs cleaner delivery

## Listing started strong

**The stock listed at a placement price of S\$0.20 on 15 August 2025, opened at S\$0.265, reached an intraday high of S\$0.295, and closed its first day at S\$0.28.** Early trading then stayed strong, which showed that investors were initially willing to pay up for a small newly listed Catalist name with a strong FY2024 margin profile and visible regional expansion plans.

## Early premium did not hold

**The early post-listing premium faded steadily over the next seven months.** After closing at S\$0.28 on listing day, the shares rose further and reached a period high close of S\$0.36 on 21 August 2025. That strength did not last. By 31 October 2025, the stock had fallen back to S\$0.235. It then traded mostly in a narrow S\$0.21 to S\$0.225 range through much of November 2025 to February 2026, before weakening again after the FY2025 results. The shares closed at S\$0.215 on 26 February 2026, the results date, and then fell to S\$0.19 by 20 March 2026. That leaves the stock down about 47% from the S\$0.36 peak, down about 32% from the S\$0.28 listing-day close, and modestly below the S\$0.20 IPO price. The market has therefore moved from giving the company expansion credit to waiting for firmer evidence on profit and cash recovery.

## Price action fits the results

**The de-rating fits the FY2025 reset.** The company moved from FY2024 net profit of S\$5.03m to FY2025 net profit of S\$1.15m, while operating cash flow swung from a S\$6.1m inflow to a S\$3.0m outflow. Gross margin fell to 35.5% from 38.8%, and general and administrative expense rose to S\$10.0m from S\$7.9m. That combination reduced confidence in the group's ability to convert revenue into profit and cash after listing.

## Post results window was quiet

**Between the 26 February 2026 results date and 16 March 2026, disclosure flow was limited and the stock did not show a clear recovery.** The FY2025 release included a proposed final dividend of 0.25 Singapore cents per share and management comments that the Johor facility had begun operations as scheduled. Even so, the stock fell from S\$0.215 on the results date to S\$0.19 by 20 March 2026. The market still appears to be waiting for operating evidence rather than management framing.

## First signal to watch

**The first signal to watch in FY2026 is whether gross margin stabilizes without another large step-up in overheads.** FY2025 cost pressure came from both cost of sales and general and administrative expense, which is why the profit decline was so sharp relative to revenue. A cleaner FY2026 would need to show that Malaysia is helping procurement, labor access, and fabrication efficiency, while central costs stop rising faster than the business. If gross margin stays soft and overheads remain elevated, the argument that FY2025 was mainly a transition year will weaken further.

## Second signal to watch

**The second signal is cash conversion.** Receivables rose, contract assets increased, contract liabilities fell, and operating cash flow turned negative in FY2025. That makes working capital one of the clearest forward indicators in the whole report. It is important to watch whether receivables growth slows, whether contract liabilities rebuild, and whether operating cash flow moves back into positive territory. Revenue growth on its own will not settle the debate. The issue is whether reported earnings once again translate into cash with more consistency.

## Third signal to watch

**The third signal is whether new growth areas become financially relevant rather than staying narrative-heavy.** The LBE segment produced only S\$0.12m of external revenue in FY2025 and recorded a loss, while the core Event, Exhibition and Décor business still generated about 85% of group revenue. That leaves LBE as an option value story for now. **Malaysia is more immediate because it already sits on the balance sheet through higher PP&E and borrowings. Evidence is therefore needed that the new facility improves delivery economics before assigning more value to the broader regional growth plan.**

*The stock's move from an early IPO premium to trading below issue price shows that FY2026 now needs to deliver proof on margin recovery, cash conversion, and Malaysia execution rather than rely on expansion narrative.*

# Appendix A

## Historical Financials

### How has DFG performed historically?

#### Historical Income Statement (2022-2025)

All figures in \$\$'000 except otherwise stated

	Dec 2022	Dec 2023	Dec 2024	Dec 2025
<b>Income statement:</b>				
Revenues:	18,269.9	26,005.6	33,422.4	33,104.0
Cost of sales:	(11,609.5)	(16,174.1)	(20,454.4)	(21,339.0)
Gross Profit:	6,660.4	9,831.5	12,968.0	11,765.0
SG&A:	(5,230.9)	(6,455.3)	(8,002.4)	(10,278.0)
Other income / (expenses):	340.5	344.7	799.4	650.0
Operating Income:	1,770.0	3,720.9	5,764.9	2,137.0
Interest expense:	(128.1)	(143.6)	(111.3)	(104.0)
Pre-Tax Income:	1,641.8	3,577.3	5,653.6	2,033.0
Income Taxes:	-	(307.9)	(624.9)	(882.0)
Net Income:	1,641.8	3,269.5	5,028.7	1,151.0
NCI:	-	-	(2.5)	(2.0)
Net profit to ordinary shareholders:	1,641.8	3,269.5	5,031.2	1,153.0
Shares Outstanding (million shares):	167.50	167.50	167.50	200.00
EPS (SG Cents):	0.98	1.95	3.00	0.58
D&A:	755.3	731.1	788.0	893.0
EBITDA:	2,525.2	4,452.0	6,552.9	3,030.0

#### Segment Breakdown (2022-2025)

All figures in \$\$'000 except otherwise stated

	Dec 2022	Dec 2023	Dec 2024	Dec 2025
<b>Segment breakdown:</b>				
Event, Exhibition and Décor Services:	12,480	22,502	28,922	28,222
Commercial and Retail Fit-Out:	5,598	3,499	4,367	4,767
Immersive LBE:	192	5	133	115
Total	18,270	26,006	33,422	33,104

	Dec 2022	Dec 2023	Dec 2024	Dec 2025
<b>Segment contribution:</b>				
Event, Exhibition and Décor Services:	68.3%	86.5%	86.5%	85.3%
Commercial and Retail Fit-Out:	30.6%	13.5%	13.1%	14.4%
Immersive LBE:	1.1%	0.0%	0.4%	0.3%
Total	100.0%	100.0%	100.0%	100.0%

How has DFG performed historically?

**Historical Balance Sheet (2022-2025)**

All figures in \$\$'000 except otherwise stated

	Dec 2022	Dec 2023	Dec 2024	Dec 2025
<b>Balance sheet:</b>				
<b>Assets:</b>				
Accounts receivable:	9,595.2	9,266.2	9,240.1	11,349.0
Cash:	2,871.6	5,756.0	7,652.2	4,855.0
Inventory:	312.9	312.4	290.8	288.0
Other current assets:	2,451.2	4,237.1	4,712.6	2,831.0
<b>Total current assets:</b>	<b>15,231.0</b>	<b>19,571.7</b>	<b>21,895.6</b>	<b>19,323.0</b>
PP&E:	534.7	1,691.1	1,458.0	4,196.0
Financial assets:	3,493.4	3,146.9	6,368.3	1,117.0
Other non-current assets:	370.0	370.0	310.0	315.0
<b>Total non-current assets:</b>	<b>4,398.1</b>	<b>5,208.0</b>	<b>8,136.3</b>	<b>5,628.0</b>
<b>Total assets:</b>	<b>19,629.0</b>	<b>24,779.6</b>	<b>30,031.9</b>	<b>24,951.0</b>
<b>Liabilities &amp; equity:</b>				
Accounts payable:	4,056.6	4,152.7	8,298.6	8,203.0
Borrowings:	1,329.9	1,332.0	1,250.0	183.0
Lease liabilities:	241.9	625.7	734.2	295.0
Other current liabilities:	2,523.6	7,234.2	7,539.5	3,219.0
<b>Total current liabilities:</b>	<b>8,152.0</b>	<b>13,344.5</b>	<b>17,822.3</b>	<b>11,900.0</b>
Lease liabilities:	53.7	862.8	334.2	39.0
Borrowings:	2,813.0	1,489.0	-	1,874.0
Other liabilities:	117.6	117.6	59.6	60.0
<b>Total non-current liabilities:</b>	<b>2,984.3</b>	<b>2,469.5</b>	<b>393.8</b>	<b>1,973.0</b>
<b>Total liabilities:</b>	<b>11,136.3</b>	<b>15,814.0</b>	<b>18,216.1</b>	<b>13,873.0</b>
<b>Equity:</b>				
Share capital:	2,000.0	2,000.0	2,000.0	18,063.0
Retained earnings:	3,812.3	4,831.7	4,463.0	2,616.0
Other equity:	2,680.4	2,134.0	5,352.8	(9,601.0)
<b>Total equity:</b>	<b>8,492.7</b>	<b>8,965.7</b>	<b>11,815.8</b>	<b>11,078.0</b>
<b>Total liabilities and equity:</b>	<b>19,629.0</b>	<b>24,779.6</b>	<b>30,031.9</b>	<b>24,951.0</b>

# Appendix A

## Historical Financials

### How has DFG performed historically?

#### Historical Cash Flow Statement (2022-2025)

All figures in \$\$'000 except otherwise stated

	Dec 2022	Dec 2023	Dec 2024	Dec 2025
<b>Cashflow statement:</b>				
<b>Cash flow from operations:</b>				
Net Income:	1,642	3,269	5,029	1,151
(+) Income tax:	(1)	308	460	(48)
(+) D&A:	755	731	788	893
(+) Interest expenses:	128	144	111	104
(+/-) Changes in WC:	(1,253)	1,473	(8)	(5,406)
(+/-) Other items:	73	(21)	(246)	320
<b>Cash flow from operations:</b>	<b>1,344</b>	<b>5,904</b>	<b>6,133</b>	<b>(2,986)</b>
<b>Cash flow from investing:</b>				
(-) Capex:	(118)	(87)	(286)	(3,525)
(-) Acquisitions:	-	-	(524)	-
(+/-) Other investing activities:	(941)	573	1,795	16
<b>Cash flow from investing:</b>	<b>(1,059)</b>	<b>485</b>	<b>985</b>	<b>(3,509)</b>
<b>Cash flow from financing:</b>				
(-) Dividend payout:	-	(1,759)	(1,902)	(2,190)
(+) Borrowings:	400	-	-	2,084
(-) Repayment of borrowings:	(1,257)	(1,322)	(1,571)	(1,466)
(-) Repayment of leases:	(578)	(607)	(684)	(734)
(-) Interest paid on borrowings:	(100)	(89)	(46)	(68)
(-) Interest paid on leases:	(28)	(55)	(65)	(36)
(+/-) Other financing activities:	214	142	(954)	6,124
<b>Cash flow from financing:</b>	<b>(1,349)</b>	<b>(3,689)</b>	<b>(5,222)</b>	<b>3,714</b>
Cash at beginning of the year:	3,936	2,872	5,571	7,468
(+/-) Net change in cash:	(1,064)	2,700	1,896	(2,781)
(+/-) FX impact:				4
<b>Cash at end of the year:</b>	<b>2,872</b>	<b>5,571</b>	<b>7,468</b>	<b>4,691</b>



**Atul Tetambe**  
Chief Investment Officer

**Atul** has over 26 years of experience in equity research and fund management with a strong track record. In his previous assignments, Atul has managed money for one of the largest sovereign wealth funds, was a founding member of an Asia Long-short equity fund, and portfolio manager for one of the largest asset managers in the world. During his tenure, Atul has shown keen business acumen of scaling up the funds management business from scratch. Atul has a deep understanding of the capital markets in Asia and has developed deep connections in the corporate world including in the private markets, sovereign wealth funds, market intermediaries, etc. Atul has done his masters in management studies from Mumbai University and holds a title of Bachelor of Technology from Indian Institute of Technology Banaras Hindu University.

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**Kian** co-manages an in-house global investment fund under the ICAM umbrella. He is responsible for implementing investment strategies, market research, risk management, and trading for the fund. He is also actively involved in private equity funds and family office funds managed by ICAM. Before joining ICAM, Kian was at a well-known hedge fund and wealth management firm. Kian's focus on research and risk management makes him particularly skilled at pinpointing and investigating investment opportunities in the financial markets. Kian holds an undergraduate degree from The University of Manchester and has passed level one of the CFA program.

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## THE GLOBAL GOALS



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