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Inspace Creation Berhad

IPO Note – Non-Rated
Research Team Coverage / research@mersec.com.my
Tuesday, April 21, 2026
ACE Market
Consumer Products and Services Sector
SUBSCRIBE

Masterpiece in the Making

IPO Price:	**RM0.250**
Fair Value:	**RM0.314**

Valuation / Recommendation

We have a **SUBSCRIBE** recommendation on Inspace Creation Berhad with a **fair value of RM0.314,** representing a **26% upside** to the IPO price, based on **11.0x target P/E** ascribed to **FY27E EPS of 2.86 sen**. Our target multiple is pegged to the selected local interior fit-out and household appliances peers 10-year historical P/E average. We project a 24% revenue CAGR from FY26E-FY28E, on the back of (i) vertical integration of supply chain, (ii) regional expansion and policy-driven catalysts, (iii) high-entry barrier and strategic tendering and (iv) favorable outlook of the interior fit-out industry.

Investment Highlights

Institutional Scaling via CIDB Grade G7 Status. Inspace's CIDB Grade G7 certification fortifies its competitive edge raising significant barrier to entry as this certification is typically reserved for the most sophisticated market players with the operational scale to handle large-scale mandates. By focusing on multinational corporations that demand ISO-certified execution, the Group has insulated itself from low-margin segments. This strategy ensures a blue-chip debtor profile and a lean Cash Conversion Cycle of approximately 14 days.

Superior Profitability and "Complexity Premium". The Group consistently outperforms its peers, achieving a 10.3% PAT margin in FY25 against the 9.2% peer average. This is driven by a "complexity premium" on Grade A commercial assets, maintaining a robust GP margin of 30.7%. Its asset-light model and high pricing power position Inspace as a premier efficiency play with resilient, double-digit net margins.

Strategic Regional Pivot and Policy-Driven Growth. Timed with the Thirteenth Malaysia Plan, Inspace is expanding into high-growth hubs outside of Klang Valley such as Penang and Johor to tap into an estimated RM3.5bn domestic market by FY28. Diversification into high-margin hospitality and sales gallery segments reduces geographic concentration risk while supporting a projected revenue CAGR of 24% through FY28E.

Vertical Integration and Margin Protection. The allocation of RM6.0m in IPO proceeds for a centralized storage and mock-up facility marks a shift to bulk procurement. By locking in material costs and bypassing pricing volatility, this facility protects the Group's 30.7% GP margins and serves as a structural catalyst for efficiency gains and operational scaling beyond FY28.

Risk Factors for Inspace Creation include: (i) geographic and sector concentration, (ii) order book replenishment and sustainability, (iii) execution risk and regulatory approvals and (iv) sensitivity to raw material volatility and subcontractor performance.

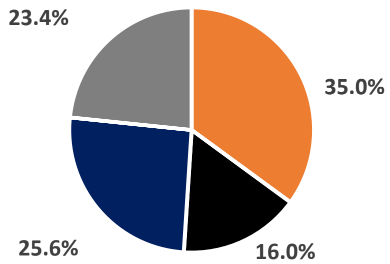
Business Overview

Inspace Creation Berhad is a Malaysia-based interior fitting-out services provider, offering end-to-end solutions from design to execution. The Group specialises in office fit-outs, covering project management, design coordination, procurement and construction works, supported by in-house capabilities and subcontractors. Positioned to benefit from workplace transformation and refurbishment trends in Malaysia. To be listed on the ACE Market.

Listing Details	
Listing date	8 May 2026
New Shares (m)	97.8
Offer for sale (m)	29.3
Fund to be raised (RM m)	17.1
Post Listing	
Ordinary shares (m)	369.3
Market cap (RM m)	92.3
Estimated free float (%)	26.5%
P/E(x) (*Based on prospectus*)	11.4x

Top 3 Shareholders	**%**
Conceptual Holdings	59.4
Wong Chong Siong	14.1

Utilisation of Proceeds	**RM m**
Capital Expenditure	6.0
Repayment of bank borrowings	2.7
Working Capital	4.4
Estimated Listing Expenses	4.0



FYE Dec (RM m)	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Revenue	78.6	82.3	96.5	125.5
EBITDA	12.4	12.8	15.0	19.4
EBIT	11.7	12.1	14.1	18.6
PBT	11.4	12.0	14.2	19.0
Core Net Profit	**8.4**	**9.1**	**10.8**	**14.4**
Core EPS (sen)*	**2.20**	**2.40**	**2.86**	**3.83**
Core EPS Growth (%)	20.2%	9.1%	19.3%	34.1%
Net DPS (sen)*	-	-	-	-
Net Div. Yield (%) *	-	-	-	-
BVPS (sen)	15.79	0.07	0.10	0.14
PER (*Using IPO price*)	11.4	10.4	8.7	6.5
PBV (x) (*Using IPO price*)	0.0	3.4	2.5	1.8
Net Gearing	2.3	2.4	2.3	2.3

**Based on enlarged issued shares of 369.3m*

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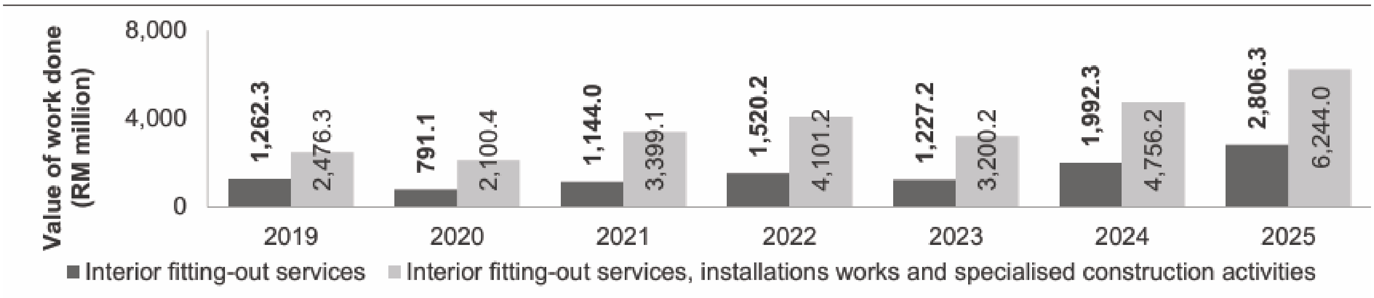
Company Overview

Inspace Creation Berhad is an established interior fitting-out services provider that offers comprehensive end-to-end solutions across the entire project lifecycle, ranging from initial design conceptualization and planning to execution and post-completion maintenance. The Group focuses primarily on the transformation of office environments through an integrated service model that encompasses project management, design coordination, procurement, and on-site construction works. Operating via a hybrid model that blends in-house capabilities with a specialized subcontractor network, Inspace ensures technical excellence in areas such as mechanical and electrical works, carpentry, and systems installation. By maintaining strict adherence to building standards and local regulatory requirements, the Group provides a one-stop solution that emphasizes functionality and aesthetics for a diverse institutional client base.

Industry Overview

Growth in Malaysia's Interior Fit-Out Industry. According to the IMR report by *Providence,* the Malaysian interior fit-out industry has demonstrated significant resilience and an accelerating growth profile. The value of work done for interior fitting-out services increased from RM1.1bn in 2021 to RM2.8bn in 2025, representing a robust CAGR of 26.3%. This represents a remarkable 40.0% YoY growth, fueled by robust demand across commercial properties, including high-spec offices, tourist accommodations, and the rapidly expanding data centre segment. When accounting for the broader ecosystem of installation works and specialized construction activities required to deliver turnkey, move-in-ready spaces, the market scale is even more substantial. Collectively, the value of work done for these integrated services increased from RM3.4bn in 2021 to RM6.2bn in 2025, representing a CAGR of 16.2%. This trajectory highlights a structural shift toward comprehensive, one-stop fit-out solutions in the Malaysian market. This momentum is expected to carry forward as the industry is projected to reach RM3.5bn by 2027 for core fit-out services alone. This growth is underpinned by a steady pipeline of new commercial developments and a "flight to quality" as corporations seek ESG-compliant and technically sophisticated environments.

Figure 1: Value of work done for interior fitting-out services, installation works and specialised construction activities in Malaysia



Source: DOSM, PROVIDENCE analysis

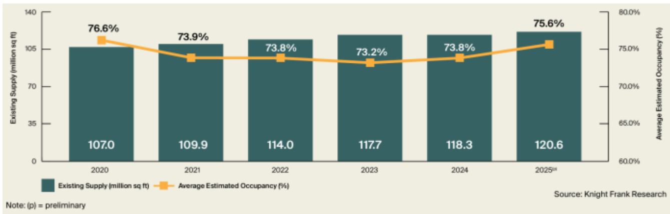
Demand for Corporate Office Fit-out and Refurbishment. As companies expand their operations, relocate offices or upgrade existing workplaces, interior fit-out contractors are typically engaged to customise office layouts and install partitions, flooring, M&E systems, furniture and fixtures to meet operational and branding requirements. This creates recurring demand for interior fit-out services as office tenants periodically refurbish their workspaces to enhance functionality, employee experience and corporate image. Industry research by *Market Research Intellect* indicates that the Malaysia office fit-out and refurbishment services market was valued at USD12.3bn in 2025 and is projected to reach USD22.2bn by 2033, representing a CAGR of 10.3%.

Figure 2: Supply and Occupancy of Purpose-Built Office in Malaysia

State	Total Space (s.m.)		Completion (s.m.)		Occupancy (s.m.)		Occupancy Rate (%)		Annual Take-Up Difference (s.m.)		Incoming Supply (s.m.)		Starts (s.m.)		Planned Supply (s.m.)		New Planned Supply (s.m.)	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
W.P. Kuala Lumpur	10,263,848	10,252,030	26,858	106,859	7,389,247	7,442,789	72.0	72.6	6,544	53,542	551,461	775,380	0	301,779	761,621	547,109	0	23,744
W.P. Putrajaya	2,540,853	2,542,645	0	0	2,339,162	2,378,314	92.1	93.5	1,400	39,152	59,940	59,940	0	0	39,875	39,875	0	0
W.P. Labuan	67,051	66,706	0	0	61,963	60,340	92.4	90.5	-402	-1,623	0	0	0	0	0	0	0	0
Selangor	4,684,373	4,733,414	32,109	123,160	3,424,029	3,467,892	73.1	73.3	40,684	43,863	123,160	0	40,180	0	0	34,036	0	34,036
Johor	1,456,997	1,406,628	47,379	38,509	1,001,543	934,581	68.7	66.4	1,061	-66,962	134,262	121,306	0	0	33,817	41,914	0	8,097
Pulau Pinang	1,102,189	981,426	20,215	32,460	920,220	798,440	83.5	81.4	-2,446	-121,780	58,031	28,596	1,545	6,000	0	54,466	0	22,250

Source: National Property Information Centre (NAPIC) of Malaysia

Figure 3: Cumulative Office Supply and Average Estimated Occupancy in Klang Valley (CY20-CY25)



Source: Knight Frank's Real Estate Highlights 2H2025

In addition, according to *Knight Frank's Real Estate Highlights 2H2025*, leasing activities in Kuala Lumpur's office market continue to be supported by tenant relocations, workspace upgrades and corporate expansions, particularly within the financial services and professional services sectors. Such leasing and relocation activities typically lead to interior renovation and fit-out works, supporting demand for interior fit-out contractors. As shown in *Figure 3*, cumulative office supply in the Klang Valley increased from 118.3m sq ft in CY2020 to 120.6m sq ft in CY2025, while occupancy rates remained relatively resilient at 75.6%, indicating sustained demand for office space which may translate into continued fit-out and refurbishment opportunities for contractors.

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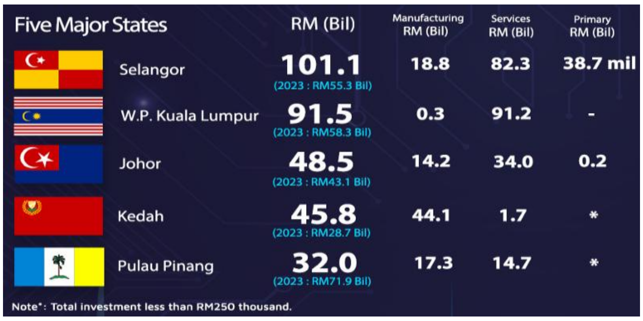
Figure 4: Malaysia Investment Performance by Manufacturing, Services and Primary

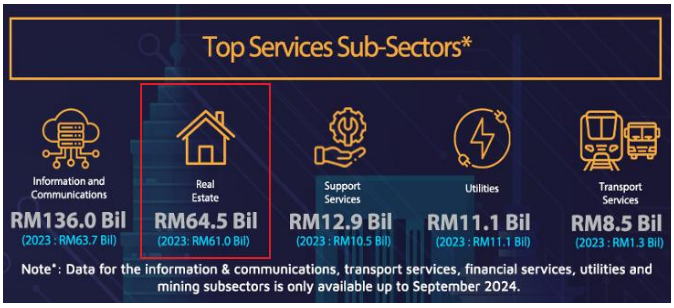


Five Major States	RM (Bil)	Manufacturing RM (Bil)	Services RM (Bil)	Primary RM (Bil)
Selangor	101.1 (2023 : RM55.3 Bil)	18.8	82.3	38.7 mil
W.P. Kuala Lumpur	91.5 (2023 : RM58.3 Bil)	0.3	91.2	-
Johor	48.5 (2023 : RM43.1 Bil)	14.2	34.0	0.2
Kedah	45.8 (2023 : RM28.7 Bil)	44.1	1.7	*
Pulau Pinang	32.0 (2023 : RM71.9 Bil)	17.3	14.7	*

Note*: Total investment less than RM250 thousand.

Source: Malaysian Investment Development Authority (MIDA)

Figure 5: Malaysia's Top Services Sub-sectors (CY2024)



Source: Malaysian Investment Development Authority (MIDA)

Growth in Investments Supporting Demand for Interior Fit-Out Services. The influx of domestic and foreign investment serves as a primary engine for Malaysia's interior fit-out industry, as new and expanding enterprises require bespoke operational environments. In 2024, Malaysia recorded a historic RM378.5bn in approved investments across 6,700 projects. Domestic investments led the contribution at RM208.1bn (55.0%), while foreign investments accounted for RM170.4bn (45.0%). The services sector remained the dominant driver, capturing RM252.7bn (66.8%) of the total share, followed by the manufacturing sector at RM120.5bn (31.8%). This investment momentum has accelerated into 2025, with approved foreign investments alone reaching RM285.0bn between January and September. The services sector continues to lead this surge, contributing RM187.9bn (65.9%) to the total. This sustained capital inflow translates directly into physical space requirements, as corporations establish regional headquarters and operational facilities that demand sophisticated interior design and turnkey fit-out solutions to meet global standards.

Central to this growth is the increasing presence of MNCs, which are increasingly viewing Malaysia as a strategic hub for regional operations. These MNCs often bring stringent global requirements for high-specification, ESG-compliant, and Grade A office spaces. This "flight to quality" creates a specialized niche for contractors capable of delivering complex, institutional-grade interiors that align with international workplace safety and sustainability benchmarks. As these global entities scale their local footprints, the demand for premium, integrated fit-out services is expected to remain robust.

Industry Headwinds. The interior fit-out industry may face challenges arising from rising material costs, which may increase project expenses and place pressure on contractor margins. According to the *Real Estate and Housing Developers' Association (REHDA)*, the average prices of key materials has increased by approximately 10% per year as of 2023, reflecting the impact of inflation, supply chain disruptions. In addition, according to the *Department of Statistics Malaysia (DOSM)*, steel prices averaged approximately RM3,540 per metric tonne in October 2025, highlighting continued volatility in construction input costs. As interior fit-out works require materials such as steel, aluminium, wood products and finishing materials, fluctuations in material prices may increase project costs and potentially affect profitability for contractors, particularly for projects undertaken under fixed-price contracts.

In addition, the construction sector continues to face labour shortages which may affect project execution timelines and operating costs. According to studies on *Malaysia's construction workforce*, approximately 69% of workers in the construction sector comprise foreign labour, highlighting the industry's heavy reliance on migrant workers. This dependence exposes contractors to risks related to labour supply constraints, regulatory policies and rising wage costs. As interior fit-out works involve specialised installation activities such as carpentry, partitioning and mechanical and electrical works, shortages of skilled labour may lead to higher labour costs and potential delays in project completion, which may affect the operational efficiency and cost management of contractors.

Investment Case

Superior Profitability Margins and Quality of Earnings. Inspace distinguishes itself within the interior fit-out industry through a compelling profitability profile that consistently outperforms its peers. The Group achieved a robust 30.7% GP margin in FY25, driven by the Group's ability to command a "complexity premium" on Grade A commercial assets, which allows it to maintain a superior PATAMI margin of 10.3%. By utilizing an asset-light operating model and maintaining high pricing power through technical expertise, Inspace ensures that its growth is high-quality and cash-generative. We expect these double-digit net margins to remain resilient, providing a significant buffer against market volatility and positioning the Group as a premier efficiency play within the domestic market.

Vertical Integration and the Shift to Bulk Procurement. The cornerstone of the margin expansion narrative is the Group's transition from a project-based procurement model to a centralized, vertically integrated supply chain. The allocation of RM6.0m from IPO proceeds for a new 4,800 sq. ft. storage and mock-up facility represents a significant operational upgrade. Historically, the Group procured materials on an ad-hoc basis for individual projects; however, this new facility allows for bulk procurement of high-volume components such as workstations and floor finishes. By locking in material costs and bypassing mid-stream pricing volatility, Inspace is positioned to protect its margins against inflationary pressures. While margins are expected to remain steady through FY28, the facility acts as a structural catalyst for efficiency gains beyond FY28, allowing the Group to scale its project volumes without a linear increase in overhead costs.

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Regional Expansion and Policy-Driven Catalysts. While Inspace has historically derived its revenue from the Klang Valley, the Group is now executing a geographic pivot to follow the nationwide expansion of commercial and industrial hubs. This strategy is perfectly timed to coincide with broader economic initiatives such as the Thirteenth Malaysia Plan (2026-2030), which is catalyzing a surge in "Grade A" office demand and high-value infrastructure outside the capital. By expanding into booming regional hubs such as Penang and Johor, Inspace is tapping into a domestic fit-out market projected to reach up to RM3.5bn. Beyond standard office environments, the Group is also diversifying into high-margin verticals such as hospitality and developer sales galleries, where design sophistication and execution speed command a premium, effectively reducing geographic concentration risk and supporting a projected revenue CAGR of 24% through FY28E.

High-Entry Barrier and Strategic Tendering. The Group's competitive edge is fundamentally fortified by its CIDB Grade G7 certification, which empowers Inspace to tender for projects of unlimited value. This technical qualification is a significant barrier to entry, as it is typically reserved for the most sophisticated market players with the operational scale to handle large-scale mandates. By utilizing this status, the Group has successfully insulated itself from the high-turnover, low-margin retail segment, instead focusing on multinational corporations and large-scale enterprises that demand ISO-certified execution and zero-defect delivery. This quality-first strategy ensures that the Group's revenue base, which reached RM78.6m in FY25, is backed by a blue-chip debtor profile, maintaining a resilient cash flow and a lean Cash Conversion Cycle of approximately 14 days.

IPO Details

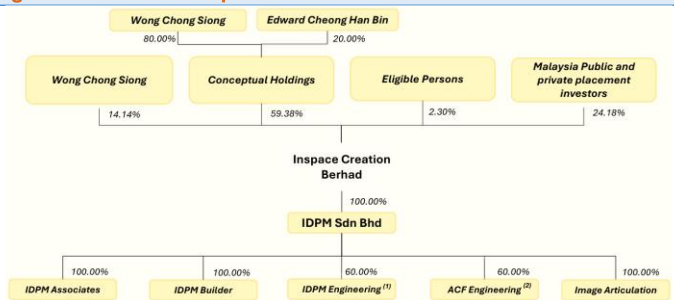
	Offer for Sale (m)	Public Issue (m)	Total (m)	(%)
Retail Offering				
Malaysian Public (Bumiputera)	-	9.23	9.23	2.5
Malaysian Public (Non-Bumiputera)	-	9.23	9.23	2.5
Eligible Persons	-	8.50	8.50	2.3
Private Placement				
Selected Bumiputera investors approved by MITI	-	-	-	-
Selected investors	29.3	41.53	70.83	19.2
Total	**29.3**	**68.5**	**97.8**	**26.5**

Source: Company, Mercury Securities

Figure 6: IPO Tentative Timeline

Source: Company, Mercury Securities

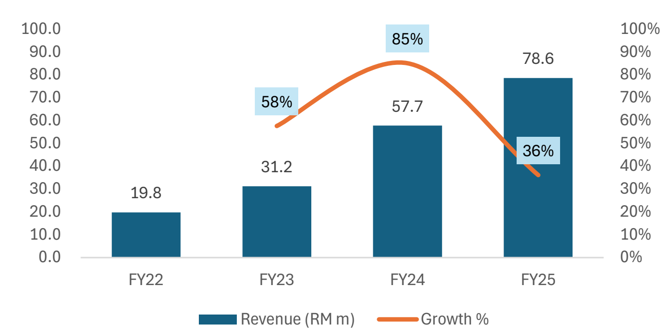
Figure 7: Post-IPO Corporate Structure



Source: Company

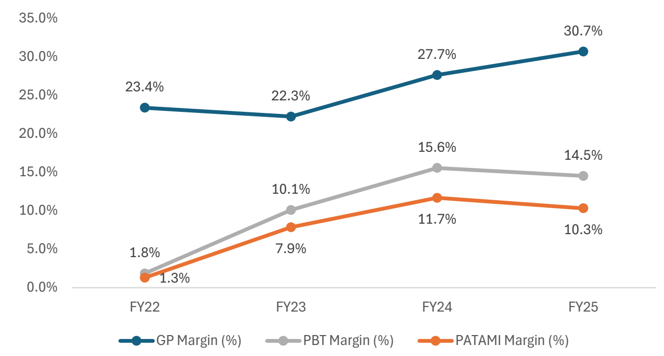
Financial Highlights

Figure 8: Revenue Trend (RM m) and YoY Growth (%)



Source: Company, Mercury Securities

Figure 9: Profitability Margins

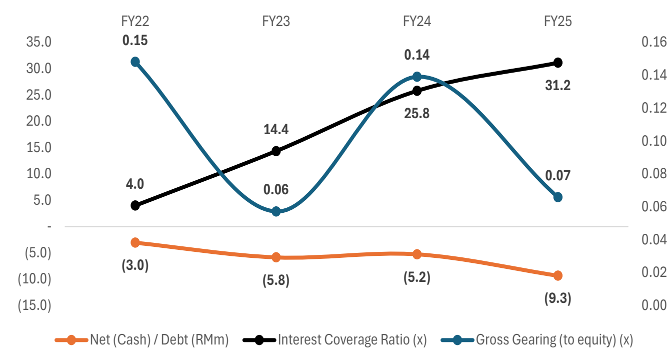


Source: Company, Mercury Securities

Robust Revenue Growth. Inspace's revenue profile underwent a transformative expansion from RM19.8m in FY22 to RM78.6m in FY25, delivering a robust three-year CAGR of 58.4%. This topline acceleration was fundamentally driven by a successful portfolio high-grading strategy, where the Group successfully pivoted from high-volume, small-scale projects to complex, institutional-grade mandates. This is evidenced by the six-fold increase in the average contract value from its top five clients, which rose from RM1.6m to RM9.9m over the period. The Group's stellar YoY growth—58% in FY23, 85% in FY24, and 36% in FY25—was specifically powered by the acquisition of anchor projects exceeding the RM2.0m threshold. Key contributors included the landmark Bukit Bintang 2 Project, valued at RM46.4m, and a cluster of projects within the Tun Razak Exchange (TRX) precinct, such as TRX 3 (RM8.9m), TRX 1 (RM4.7m) and TRX2 (RM4.1m).

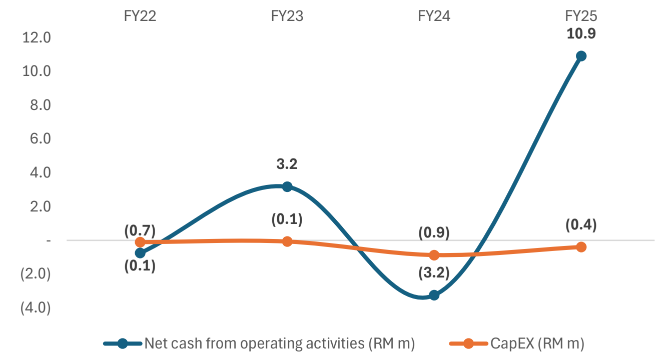
Persistent Margin Growth. The Group's margin profile exhibits a clear upward trajectory, characterized by significant project-level profitability and high operational leverage. GP margins surged from 23.4% in FY22 to 30.7% in FY25, driven by the strategic pivot toward high-specification commercial contracts. The Group's EBITDA and PBT margins significantly improved from their FY22 lows (4.1% and 1.8% respectively), peaking in FY24 before stabilizing at 15.7% and 14.5% in FY25. This slight normalization in the latest financial year was primarily due to higher administrative expenses, driven by higher professional fees and a strategic upscaling of technical personnel to support a growing order book. Consequently, PATAMI margins have shifted from a lean 1.3% in FY22 to a healthy, sustainable 10.3% in FY25.

Figure 10: Balance Sheet Strength and Leverage Profile



Source: Company, Mercury Securities

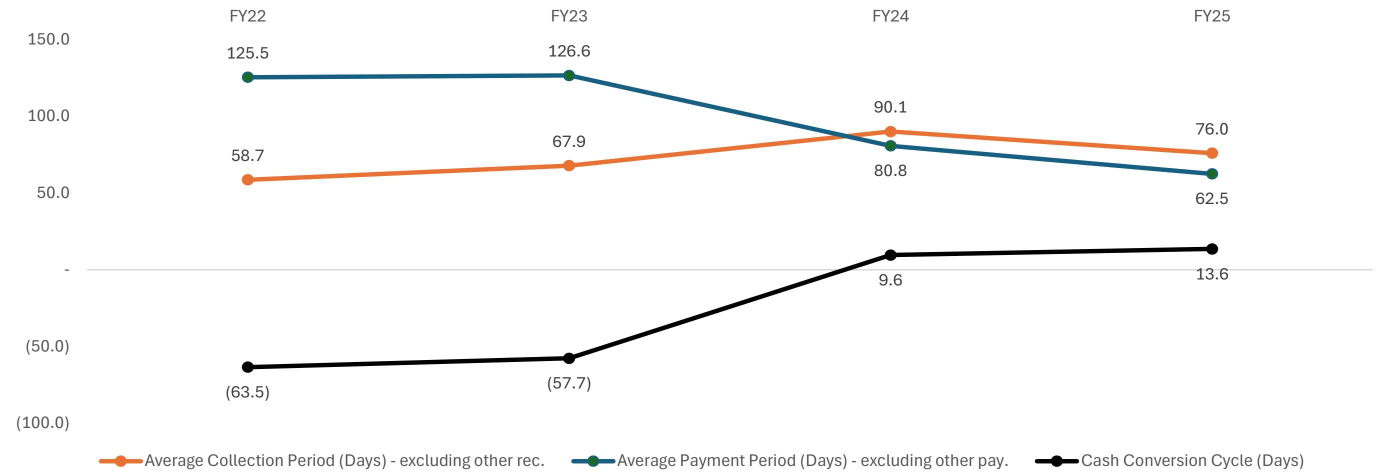
Figure 11: Capex vs. Net Operating Cash Flow



Source: Company, Mercury Securities

Balance Sheet and Cash Flow Strength. Inspace maintains a high-quality balance sheet characterized by a sustained net cash position and minimal leverage. Gross gearing remains negligible, fluctuating between 0.06x and 0.15x across the track record, before settling at a lean 0.07x in FY25. This low reliance on debt is further underscored by the Group's strengthening liquidity, with net cash nearly tripling from RM3.0m in FY22 to RM9.3m in FY25. Consequently, the interest coverage ratio has seen an exponential improvement, rising from 4.0x to 31.2x, reflecting an exceptionally robust capacity for debt servicing and a clean capital structure. Operationally, the Group's cash-generative nature is evidenced by a sharp turnaround in net operating cash inflows, which reached a peak of RM10.9m in FY25. This solid cash generation is paired with a disciplined, capital-light operating model, as annual CAPEX remained modest, ranging only between RM0.1m and RM0.9m.

Figure 12: Working Capital Cycle (Days)



Source: Company, Mercury Securities

Working Capital Trend. The average collection period increased from 58.7 days in FY22 to 76.0 days in FY25, peaking at 90.1 days in FY24. This trend is consistent with the Group's strategic portfolio high-grading, as high-value engagements with MNCs and institutional clients typically involve more stringent certification processes and longer billing milestones. Despite the increased complexity, the 76-day collection period remains well within the Group's standard credit terms. On the payables front, the average payment period normalized to 62.5 days in FY25 from a high of 125.5 days in FY22. This contraction reflects a deliberate move toward swifter settlements with key subcontractors and suppliers to secure priority resource allocation for landmark projects. Consequently, the Cash Conversion Cycle shifted from a negative cycle in the early track record to a lean 13.6 days in FY25. This indicates a highly efficient working capital engine where project outgoings are closely synchronized with client receipts, minimizing the need for external working capital financing even as the Group's revenue base tripled.

Moving Forward. We project a CAGR of c.24% for its topline from FY26E to FY28E, underpinned by our annual orderbook replenishment assumptions of between RM70m-RM130m. As at 15th March 2026, Inspace's orderbook stands at RM30.3m, surging by c.51% from its orderbook of RM20.1m as at 30th November 2025. Furthermore, the current orderbook already accounts for c.39% of our estimated FY26E orderbook. This is supported by Group's strategic expansion outside of Klang Valley, positioning itself to capture rising demand for premium corporate and industrial fit-outs as MNCs decentralize their operations. In addition, Inspace's status as a CIDB Grade 7 contractor enables them to continue execute large-scale, high-value commercial projects. With the Malaysian interior fit-out market projected to reach RM3.5bn by 2027 by PROVIDENCE, Inspace is well-placed to outpace the industry's 11.8% CAGR by leveraging its established reputation and proven track record. We forecast GP, EBITDA, PBT, and PATAMI margins to remain resilient at c.30%, 16%, 15%, and 11% respectively through FY28E. This stable outlook is underpinned by management's guidance for steady operational improvements, with further efficiencies expected to come around following the completion of the centralized storage and mock-up facility. In terms of dividends, we do not expect any payouts to be made between FY26E and FY28E as there is no formal dividend policy in place, with the management indicating that the Group remains in its growth phase, prioritizing allocation of its cash flows for growth.

FYE Dec (RM m)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	19.8	31.2	57.7	78.6	82.3	96.5	125.5
EBITDA	0.8	3.7	9.8	12.4	12.8	15.0	19.4
EBIT	0.5	3.4	9.3	11.7	12.1	14.1	18.6
PBT	0.4	3.1	9.0	11.4	12.0	14.2	19.0
Core Net Profit	0.3	2.5	7.1	8.4	9.1	10.8	14.4
Core EPS (sen)*	**0.07**	**0.66**	**1.83**	**2.20**	**2.40**	**2.86**	**3.83**
Core EPS Growth (%)	0.0%	854.3%	175.1%	20.2%	9.1%	19.3%	34.1%
Net DPS (sen)*	-	-	1.22	-	-	-	-
Net Div. Yield (%)*	-	-	4.88	-	-	-	-
BVPS (sen)	3.97	7.35	9.53	15.79	0.07	0.10	0.14
PER (*Using IPO price*)	359.1	37.6	13.7	11.4	10.4	8.7	6.5
PBV (x) (*Using IPO price*)	0.1	0.0	0.0	0.0	3.4	2.4	1.7
Net Gearing	*Net Cash*	*Net Cash*	*Net Cash*	*Net Cash*	*Net Cash*	*Net Cash*	*Net Cash*

**Based on enlarged issued shares of 369.3m*

Valuation

We derive a **Fair value of RM0.314** for Inspace Creation Berhad by assigning an 11.0x target P/E to our FY27E EPS forecast of 2.86 sen. Our target multiple is benchmarked against the 10-year historical average P/E of selected listed peers in the local interior fit-out and household appliance space. While the peer set trades on a meaningfully larger average market capitalisation of RM423.3m versus Inspace's implied post-listing market capitalisation of RM92.3m, we view this valuation alignment as justified given Inspace's stronger operating efficiency, superior margin profile and higher-quality earnings base.

Despite its smaller scale, Inspace's 30.7% GP margin is highly competitive against the peer average of 32.4%, while its EBITDA, PBT, and PAT margins consistently outperform the broader group. This suggests a leaner operational structure and a higher-quality earnings base. By utilizing a decade-long historical average, our valuation accounts for multiple economic cycles, establishing a robust, normalized floor that reflects long-term structural growth in the domestic fit-out industry rather than transient market sentiment.

We are optimistic on the growth of Inspace, underpinned by the Group's (i) superior profitability margins, (ii) vertical integration of supply chain, (iii) regional expansion and policy-driven catalysts, (iv) high-entry barrier and strategic tendering and (v) favorable outlook of the interior fit-out industry.

10-Year Historical P/E Average of Selected Local Peers (x)

Company	FYE	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Signature International	Dec	4.9	10.3	19.0	44.0	*n/a*	34.1	24.1	10.6	11.2	10.8
Signature Alliance Group	Dec	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	16.3
Sorento Capital Bhd	June	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	10.6
Yoong Onn Corp Bhd	June	9.5	9.6	7.4	7.7	7.1	6.5	5.3	5.5	11.2	11.9
Poh Huat Resources	Oct	7.1	7.7	6.8	6.6	8.0	12.0	4.3	13.8	12.5	18.4
Homeritz Corp Bhd	Aug	9.5	9.1	10.0	8.6	8.3	10.4	5.2	8.6	7.9	8.3
Simple Avg.		**7.8**	**9.2**	**10.8**	**16.7**	**7.8**	**15.8**	**9.7**	**9.6**	**10.7**	**12.7**

Source: Bloomberg, Mercury Securities

Profitability Margin and Return Ratios Comparison

Company	Bloomberg Ticker	Share price	Mkt Cap	Margin (%)				%		
		(RM)	(RM'm)	GP	EBITDA	PBT	PAT	ROE	ROA	ROC
Signature International	SIGN MK Equity	1.36	877.9	41.1	18.3	15.4	8.7	19.1	6.7	14.1
Signature Alliance Group	SAG MK Equity	0.7	730.0	21.4	13.6	12.7	9.1	28.8	12.4	23.1
Sorento Capital Bhd	SORENTO MK Equity	0.69	593.4	43.1	23.9	20.1	14.6	25.1	15.5	17.8
Yoong Onn Corp Bhd	YOCB MK Equity	1.50	238.0	50.5	15.0	7.6	7.3	5.7	4.7	4.2
Poh Huat Resources	PHR MK Equity	0.78	205.4	14.4	5.4	4.1	3.2	(0.5)	(0.5)	(0.5)
Homeritz Corp Bhd	HMCB MK Equity	0.41	185.8	n/a	12.6	16.2	12.2	7.6	7.0	n/a
Adnex Group Bhd	ADNEX MK Equity	0.27	132.5	22.4	13.7	12.7	9.2	51.5	17.6	95.3
Simple Avg.			**423.3**	**32.2**	**14.7**	**12.7**	**9.2**	**19.6**	**9.1**	**25.7**
Inspace Creation Berhad		0.20	92.3	30.7	15.7	14.5	10.3	62.7	19.9	42.1

Source: Bloomberg, Mercury Securities

SWOT Analysis

S STRENGTHS	W WEAKNESS
CIDB Grade G7 Certification: This elite technical qualification allows Inspace to tender for projects of unlimited value, creating a high barrier to entry and enabling access to large-scale, high-complexity institutional contracts which typically require more stringent tendering requirements. **Superior Margin Profile**: With a 30.7% GP margin and a 10.3% PATAMI margin, the Group significantly outperforms its peers through its "complexity premium" and efficient asset-light model. **Integrated Service Model**: Offering a "one-stop" solution from design conceptualization to post-completion maintenance ensures high client retention and operational consistency across multifaceted projects.	**Geographic Concentration**: Historically, 100% of revenue has been derived from the Klang Valley, making the Group's performance highly sensitive to the economic health and commercial property cycle of a single region. **High Dependency on Subcontractors**: As a hybrid operator, the Group relies heavily on a network of specialized subcontractors for on-site execution, which can pose risks to quality control and project timelines if not managed strictly. **Revenue Volatility**: Inspace operates on a project-by-project basis, usually lasting between 6 to 9 months which limits earnings visibility. The inability to consistently replenish the order book with high-value contracts could lead to significant income volatility.
T THREATS	**O OPPORTUNITIES**
Raw Material Price Volatility: Sharp fluctuations in the cost of essential components such as flooring, workstations, and lighting could compress margins if price escalations cannot be passed on to clients in fixed-price contracts. **Skilled Labor Shortages**: As a Grade G7 contractor, Inspace requires highly technical project managers and designers; a shortage of specialized talent or rising labor costs could impact the Group's ability to scale operations efficiently. **Intense Competition**: The Malaysian interior fit-out industry is highly fragmented; aggressive pricing strategies from competitors could lead to a "race to the bottom" during periods of economic slowdown.	**Regional Expansion and Policy Catalysts**: The Thirteenth Malaysia Plan (2026–2030) and the decentralization of MNCs toward Penang and Johor provide a clear path for geographic diversification into new growth hubs. **Vertical Integration via IPO Proceeds**: The shift to bulk procurement through the new storage and mock-up facility offers a structural opportunity to lock in costs and enhance GP margins beyond FY28. **Sector Diversification**: Expanding beyond corporate offices into high-margin verticals such as hospitality and luxury developer sales galleries allows the Group to capture a larger share of the RM3.5bn domestic fit-out market.

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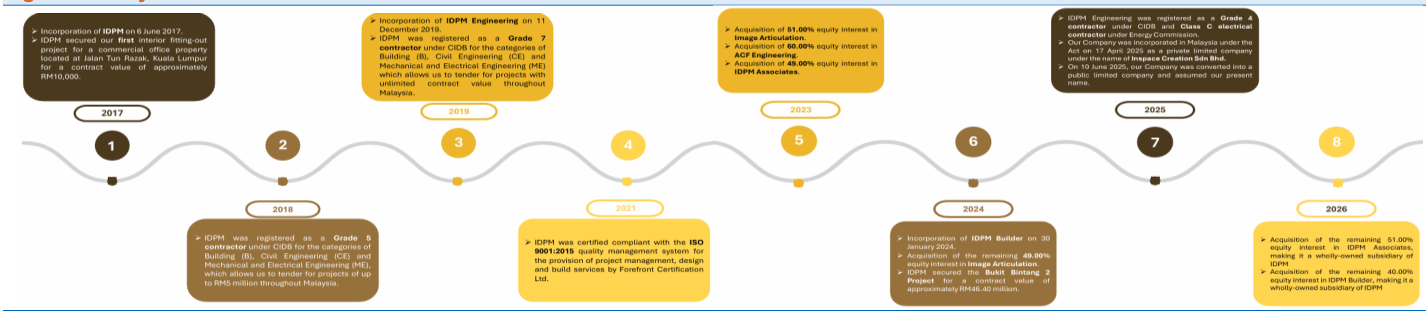
Company Background

Inspace Creation Berhad ("Inspace" or "the Company" or "the Group") is an established interior fitting-out services provider, offering end-to-end solutions across the entire project lifecycle, from design conceptualisation and planning to execution and post-completion maintenance. Principally engaged in the transformation of interior spaces, particularly office environments, the Group delivers integrated services encompassing project management, design coordination, procurement and on-site construction works, supported by a hybrid operating model that combines in-house capabilities with a network of specialised subcontractors. With a strong emphasis on functionality, aesthetics and regulatory compliance, Inspace ensures that all designs are aligned with relevant building standards and industry requirements, including approvals by certified architects and adherence to local regulations. The Group's expertise spans a wide range of fitting-out activities, including mechanical and electrical works, carpentry, finishes, and systems installation, enabling seamless project execution and quality control. Serving a diverse client base, Inspace is strategically positioned to benefit from sustained demand driven by corporate expansion, workplace transformation trends and ongoing refurbishment activities within Malaysia's commercial property sector.

Figure 13: Key Milestones



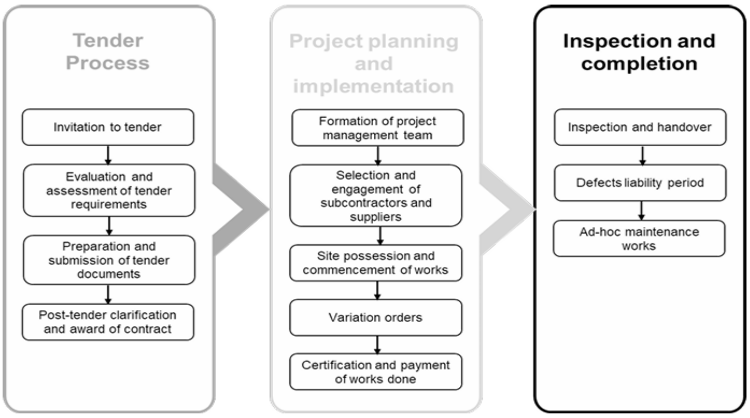
Source: Company

Figure 14: Business Model

Principal business activities	Provision of interior fitting-out services		
Interior fitting-out activities	Project planning and management	Design conceptualisation and build	Servicing and maintenance
Subsidiaries	• IDPM • IDPM Associates	• IDPM • IDPM Associates • IDPM Engineering • ACF Engineering • IDPM Builder	• IDPM Engineering • ACF Engineering
Type of property	Commercial properties		
Principal market	Central region of Peninsular Malaysia comprising Selangor, Kuala Lumpur and Putrajaya		

Source: Company

Figure 15: Business Process Flow



Source: Company

Figure 16: Projects Done by The Group

Source: Company

Figure 17: Key Management Team

Name and Designation	Age	Profile
Wong Chong Siong, Executive Director	46	Appointed to the Board on 17 April 2025, Wong Chong Siong oversees the development and implementation of the Group's business strategies as well as the Group's overall management. By leveraging his industry expertise, he is also responsible for guiding the Group's strategic direction and strengthening its long-term position in the interior fitting-out industry. He completed his high school education at Sekolah Menengah Kebangsaan Katholik Melaka in 1998. With over 25 years of experience in interior fit-out, carpentry and furniture-related businesses, he brings extensive expertise in business operations, project execution and industry development.
Edward Cheong Han Bin, Executive Director	38	Appointed to the Board on 17 April 2025, Edward Cheong Han Bin oversees the implementation of the Group's business strategies to drive growth and is responsible for the Group's overall commercial aspects, including cultivating relationships with existing and potential clients and suppliers. He graduated with a Diploma in Interior Design from PJ College of Art & Design in 2010. With over 15 years of experience in interior design, renovation and project management, he brings extensive expertise in project execution, commercial management and client relationship development.
Muhammad Hakimi Lau, Chief Operating Officer	49	Appointed to the Group in 2024, Muhamad Hakimi Lau oversees the Group's overall business operations encompassing project management, construction, site coordination and site safety functions. He obtained his Malaysian Certificate of Education from Sekolah Menengah Horley Methodist, Teluk Intan, Perak in 1994. He subsequently enrolled with the Institute of Hotel Management under the National Productivity Corporation Malaysia in 1995 and obtained a Certificate in Hotel Operations in 1996. With over 25 years of experience spanning hospitality, interior design, renovation and construction project management, he brings extensive expertise in operations execution, project coordination and site management.
Jess Song Yen Hong, Business Development Director	44	Appointed to the group in 2025, Jess Song Yen Hong oversees the Group's business development activities, which include identifying and securing new clientele and business to drive the Group's expansion and growth. She graduated with a Bachelor of Multimedia (Honours) (Media Innovation) from Multimedia University in 2005. With over 15 years of experience spanning banking, financial services, insurance and business development, she brings extensive expertise in sales strategy, client portfolio management and business growth initiatives.
Tan Beng Soon, Head of Corporate Affairs cum CFO	50	Appointed to the Group in 2025, Tan Beng Soon oversees the Group's corporate strategy and corporate development as well as financial and risk management matters, including financial reporting and internal control. He is a qualified accounting and tax professional with memberships in several professional bodies. He completed the Chartered Institute of Management Accountants ("CIMA") examinations in 2004 and was admitted as an Associate in 2006. He is a Chartered Accountant with the Malaysian Institute of Accountants (MIA) since 2007 and an Associate Member of the Chartered Tax Institute of Malaysia (CTIM) since 2014. With over 25 years of experience in audit, taxation and corporate finance, he brings extensive expertise in financial management, audit and tax advisory.

Source: Company

Major Customers

Customer	Service Provided	Length of Relationship as at FY25 (Years)	Revenue (RM '000)	% of Group's Total Revenue
Customer H	Interior fitting-out and renovations works (Bukit Bintang 2 Project)	1	31,574	40.17
Customer N	Interior fitting-out and renovations works (TRX 1 Project)	< 1	4,742	6.03
Customer O	Interior fitting-out and renovations works (Damansara Heights Project)	< 1	4,594	5.85
Customer J	Interior fitting-out and renovations works (Bandar Kinrara 1 Project)	1	4,536	5.77
Customer M	Interior fitting-out and renovations works (TRX 2 Project)	< 1	4,056	5.16
		Subtotal	49,502	62.98
		Group's Total Revenue	78,603	100.00

**The length of the relationship as at the respective financial year.*
Source: Company

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Major Suppliers

Supplier	Types of Products & Services	Length of Relationship as at FPE24 (Years)	Purchases (RM '000)	% of Group's Total Purchases
EF Interiors	Customized carpentry works and office furniture	8	5,179	9.81
EF Furnishing	Wall finishing and ceiling finishing works	5	3,153	5.97
Microrange Sdn Bhd	IT equipment	3	2,653	5.03
Encore Merger Sdn Bhd	Building materials	7	2,231	4.23
Dijaya Aman Sdn Bhd	Wet works and general works	3	2,195	4.16
		Subtotal	15,411	29.2
		Total Purchases	52,775	100.0

Source: Company

Future Plans and Business Strategies

Establishing a Dedicated Storage and Mock-Up Facility. The Group intends to expand its business by establishing a dedicated storage and mock-up space within the Klang Valley to enhance operational efficiency and cost-effectiveness. Utilizing RM5.7m of the Public Issue proceeds, the Group plans to acquire an industrial building with a target built-up area of approximately 4,800 sq. ft., with 3,000 sq. ft. designated for storage and 1,800 sq. ft. for mock-up purposes. The storage space will facilitate bulk procurement of frequently used materials such wall finishes and furniture at preferential rates, while the mock-up space will provide a semi-permanent showroom for clients to visualize and feel final fittings. Management has set an indicative timeline of 24 months from the date of Listing to identify the building, secure necessary regulatory approvals (including CCC), and commence full operations at the site.

Expanding into Regional Markets and Other Commercial Projects. Inspace seeks to mitigate reliance on any single geographic market by expanding its operations outside of Klang Valley into other regional markets. The Group plans to participate in tenders for interior fitting-out projects across new areas, leveraging its existing design and project management teams to maintain centralized control over planning and safety. Under this regional growth strategy, local subcontractors will be appointed to execute the physical fitting-out works while the Group's in-house coordinators provide on-site supervision. This approach allows the Group to scale its geographic presence by utilizing its established track record and talent pool to secure a more diversified project pipeline.

Broadening the Portfolio within the Commercial Sector. The Group aims to broaden its project portfolio by actively targeting diverse commercial segments such as hotel lobbies, common areas, and show galleries. To support this strategy, Inspace is engaging with property developers and main contractors to participate in tenders for a wider range of commercial projects beyond its current concentration. Management intends to build on its completed projects, such as the design and build of show galleries, to demonstrate its execution capabilities to new clients in the commercial sector. By diversifying into these specialized segments, the Group aims to build long-term relationships and strengthen its reputation as a versatile interior fitting-out service provider.

Key Risks

Geographic and Sector Concentration. The Group has historically derived nearly all of its revenue from the Klang Valley commercial office sector. This heavy concentration exposes Inspace to localized economic downturns or a slowdown in the Kuala Lumpur office market. While regional expansion into Penang and Johor is underway, any delays in building a local brand presence or establishing a reliable regional subcontractor network could impact the success of this diversification.

Order Book Replenishment and Sustainability. As a project-based business, Inspace does not enter into long-term master service agreements. Revenue is dependent on the Group's ability to continuously secure new tenders. While the order book grew from RM20.1m (Nov 2025) to RM30.3m (Mar 2026), this provides visibility for only the next 3–6 months. Failure to replenish the order book with high-value projects could lead to significant income volatility and underutilization of its asset-light workforce.

Execution Risk and Regulatory Approvals. A central part of the Group's growth strategy involves the new storage and mock-up facility. Any unforeseen delays in obtaining the Certificate of Completion and Compliance (CCC) or other necessary regulatory approvals could disrupt the planned transition to bulk procurement. Furthermore, as the Group scales into larger, more complex G7-level contracts, the operational pressure to maintain a 0% defect rate increases, raising the stakes for project management and quality control.

Sensitivity to Raw Material Volatility and Subcontractor Performance. Inspace's superior margins are vulnerable to sharp fluctuations in the price of workstations, lighting, and finishes. Since projects are often secured on a fixed-price basis, significant cost escalations that cannot be passed on to clients may compress margins. Additionally, the Group's model relies on specialized third-party subcontractors; any failure by these partners to meet safety standards or technical specifications could lead to liquidated damages and reputational harm.

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Sustainability Review

Environmental (E)

1. **Encouraging the Use of Recyclable Building Materials**
   - The Group promotes the use of recyclable and environmentally friendly building materials to reduce construction waste and environmental impact, while encouraging sustainable design practices.
   - The Group supports clients in achieving green building certifications such as GBI and GreenRE and aims to further increase the adoption of recyclable materials to enhance sustainability standards.
2. **Energy Efficiency and Water Usage**
   - The Group improves energy efficiency through energy-saving technologies, efficient design and sustainable construction practices, including the use of LED lighting and energy-efficient systems.
   - The Group promotes water-saving fixtures and responsible water management in project design, aligning with green building standards such as GBI and supporting sustainability objectives.
3. **Waste management in building materials**
   - The Group prioritizes the reduction, reuse and recycling of construction materials throughout its project lifecycle by optimizing material usage, minimizing waste and promoting prefabricated construction methods.
   - The Group collaborates with suppliers and contractors to implement on-site waste segregation and recycling initiatives, enabling the recovery of reusable materials such as metal, wood, plastic and packaging to reduce landfill waste and support a circular economy.

Social (S)

1. **Ensuring Occupational, Safety and Health**
   - The Group maintains a safe and healthy work environment in compliance with OSHA 1994, supported by established safety protocols and regular training.
   - Continuous monitoring and safety awareness initiatives are implemented, with a target of zero major incidents.
2. **Promoting Diversity and Equality**
   - The Group supports equal opportunity regardless of race and gender, reflected in the diversity of its Board and workforce.
3. **Promoting Personal Development**
   - The Group encourages employee training and educational programs/courses aimed at keeping them updated on the latest developments and enhancing their skills

Governance (G)

1. **Policies and Guidelines**
   - The Group has established a formal organizational structure with clear reporting lines, accountability and defined authority limits.
   - The Group ensure regulatory compliance and ethical conduct by keeping anti-bribery, anti-corruption and whistleblowing policies in place.
   - The Group implements a Privacy Notice in compliance with the Personal Data Protection Act 2010 to safeguard personal data of clients, suppliers, service providers and employees.
2. **Corporate Governance and Regulatory Compliance**
   - The Group adopts good corporate governance practices in line with the Malaysian Code on Corporate Governance (MCCG).
   - The Group has 4 out of 6 Board members serving as Independent Directors, representing a majority of the Board.
   - The Group has 2 women directors, representing approximately 30% of the Board composition.
   - The Group has established an Audit and Risk Management Committee (ARMC) comprising solely independent directors to enhance oversight and accountability.

Overall ESG Outlook. Inspace Creation Berhad's ESG framework reflects an operations-driven and compliance-focused approach aligned with its interior fitting-out business. Environmental initiatives focus on sustainable construction practices, including recyclable materials, energy and water efficiency, and structured waste management to reduce environmental impact. Social commitments emphasize occupational safety and health, supported by training, alongside efforts to promote diversity, equality and employee development. Governance is anchored on MCCG compliance, a majority-independent Board, gender diversity, and established policies on anti-bribery, whistleblowing and data protection. Overall, the Group's structured governance and sustainability focus provide a solid foundation for long-term growth and alignment with industry expectations.

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Appendix

Sensitivity Analysis

Case 1: Changes in Profit After Tax and Minority Interest (PATAMI) against PE to derive target price.

Figure 25: FY2027E Target Price (sen) Sensitivity Based on PATAMI and P/E Assumptions

P/E Multiple (x): 11.0x
PATAMI: RM10.6m

PATAMI (RM m) / P/E Multiple (x)	7.6	8.6	9.6	10.6	11.6	12.6	13.6
8.00	16.4	18.5	20.7	22.9	25.0	27.2	29.4
9.00	18.4	20.9	23.3	25.7	28.2	30.6	33.0
10.00	20.5	23.2	25.9	28.6	31.3	34.0	36.7
11.00	22.5	25.5	28.5	31.4	34.4	37.4	40.4
12.00	24.6	27.8	31.1	34.3	37.6	40.8	44.1
13.00	26.6	30.1	33.6	37.2	40.7	44.2	47.7
14.00	28.7	32.4	36.2	40.0	43.8	47.6	51.4

Source: Mercury Securities Research

Inspace's valuation remains highly sensitive to core earnings delivery and market sentiment. Under our base-case scenario, fair value is concentrated between 23.0 and 40.0 sen, supported by a target PATAMI of RM10.6m and an 11.0x P/E multiple. Upside potential remains significant, with fair value projected to exceed 50.0 sen as PATAMI scales toward RM13.6m by FY28E.

Meanwhile, downside risk is well-contained in the mid-20.0 sen region, offering a comfortable safety margin relative to the 25.0 sen IPO price. The analysis suggests a compelling risk-reward proposition, with sustained order book execution and regional expansion serving as the primary catalysts for a structural valuation re-rating.

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