Beansprout

Attika Group

(SGX: 53W)

Margin gains drive profit growth

- **1H2026 profit grew faster than revenue.** Attika's 1H2026 net profit attributable to shareholders rose 11.7% year-on-year to S$1.9 million, even as revenue was broadly stable at S$19.2 million (-0.7%). The gain was driven by margin expansion.
- **Gross margin expanded by 2.5 percentage points.** Gross profit margin rose to 20.9% in 1H2026 from 18.4% in 1H2025, which management attributed to improved cost management and lower subcontracting costs, lifting gross profit by 13.3% to S$4.0 million.
- **Order book visibility extends to 2027.** The group secured approximately S$13.8 million of new interior fit-out contracts since the start of 1H2026, adding to a string of larger wins over the past year: S$12.0 million from LTA (February 2026), S$38 million of commercial office fit-out work (January 2026), and S$26 million of data centre and clean room projects (November 2025).
- **Attika continues to expand its property business.** During the half, the company acquired two properties for an aggregate S$4.3 million. These comprise a site office at Vision Exchange and a future showroom at Gemini @ Sims. Attika also incorporated a new subsidiary, Gemini Property Pte. Ltd., to support the expansion of this segment.
- **Gearing has increased as capital is deployed into property.** Total bank borrowings rose to S$17.9 million as at 30 June 2026, from S$14.0 million at end-FY2025, mainly to fund the property acquisitions, while operating cash flow swung to a net outflow of S$1.5 million on higher trade receivables.
- **Supported by Singapore construction pipeline.** Singapore's strong construction pipeline provides a supportive backdrop for Attika, as fit-out work typically follows after major building projects are completed. Attika holds a BCA Grade L6 registration for Interior Decoration and Finishing Works, which allows it to tender for public-sector projects without tendering or project-value limits. The group also provides integrated fit-out and MEP services and has undertaken data-centre projects.
- **No interim dividend declared.** The group completed a one-for-one bonus issue in June 2026, enlarging its share base to 269.8 million shares (excluding treasury shares). No interim dividend was declared. The management has previously guided for a 35% payout ratio of profit for FY2026 and FY2027 on a full-year basis.
- **Key Risks:** Key risks for Attika include founder dependence, low trading liquidity, higher property-related debt, personal guarantees on bank loans, and the need to maintain its BCA Grade L6 registration.

Ticker	53W
Rating	Not Rated
Price	S$0.200
52-week range	S$0.119 – 0.255
Market Cap	S$54M

*As of 28 August 2026

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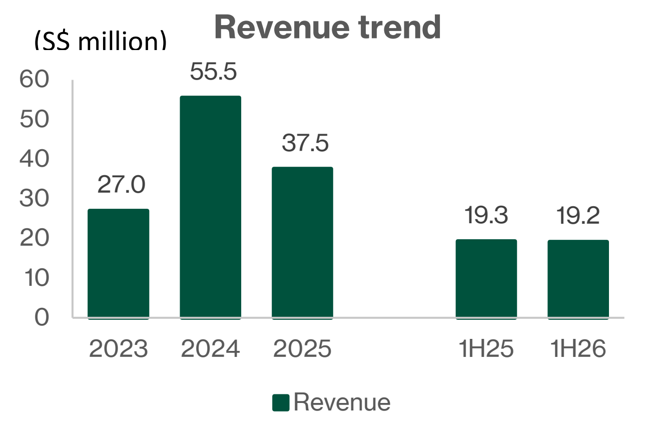
Revenue steady, profit growth driven by margins

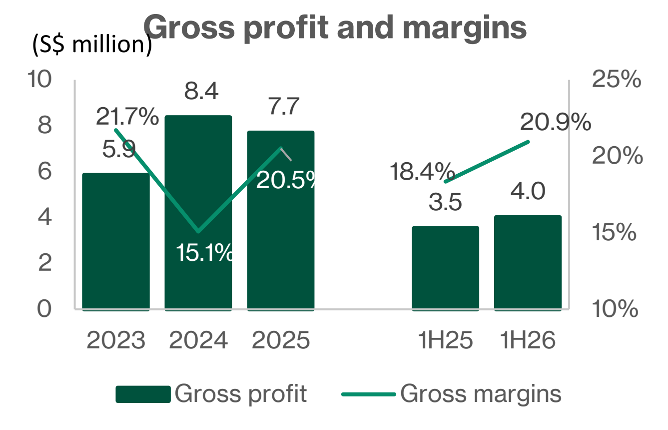
Attika's revenue was broadly stable in 1H2026.

Figure 1: Revenue trend



Source: Company data

Figure 2: Gross profit trend



Source: Company data

Revenue came in at S$19.2 million, compared with S$19.3 million in 1H2025, representing a slight decline of 0.7%.

The group attributed this mainly to the timing of project progress and revenue recognition during the period.

Profit growth was driven instead by better margins.

Cost of sales fell by a larger 3.8% to S$15.2 million, reflecting lower subcontracting costs and improved cost management on project-related expenses.

As a result, gross profit rose 13.3% to S$4.0 million.

Gross profit margin also expanded to 20.9%, from 18.4% a year earlier.

Other income fell 55.7% to S$210,000, mainly due to the absence of a one-off MAS Grant for Equity Market Singapore scheme related to Attika's 2024 listing.

Interest income was also lower due to reduced bank balances.

Administrative expenses eased 3.9% to S$1.7 million, while finance costs declined 13.5% to S$217,000.

The lower finance cost reflected the early settlement of a bank borrowing in 2H2025.

This was partly offset by interest on a new bank loan drawn on 18 June 2026 to fund a property acquisition, although the impact was minimal given the late drawdown.

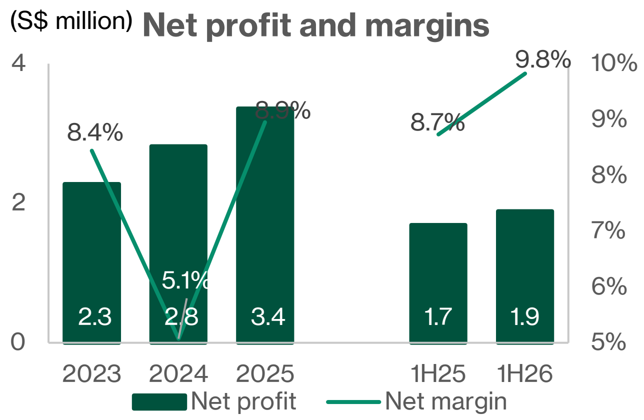
Tax expense rose 39.4% to S$400,000, in line with higher estimated chargeable income.

Overall, net profit attributable to shareholders rose 11.7% to S$1.885 million in 1H2026.

Net profit margin improved to 9.8%, from 8.7% a year earlier.

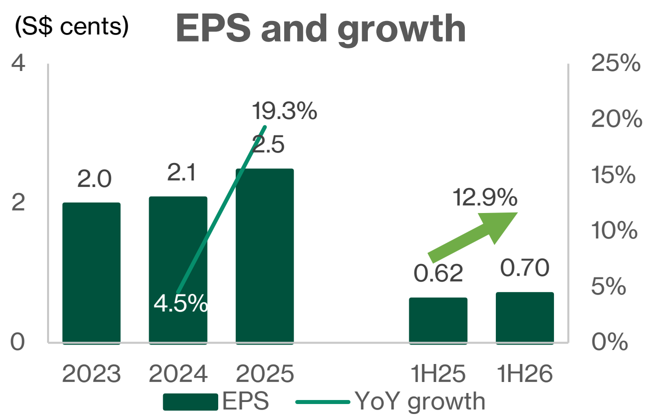
Basic and diluted earnings per share rose 12.9% to 0.70 Singapore cents, after adjusting retrospectively for the June 2026 bonus issue.

Figure 3: Net profit trend



Source: Company data

Figure 4: EPS trend



Source: Company data

Interior fit-out remains the core profit engine

Attika's core business remains interior fit-out works.

This segment covers electrical works, interior design services and interior fitted-out works.

The group also has a newer property business, covering property development and investment, while its "Others" segment mainly captures investment holding activities.

In 1H2026, all of Attika's S$19.2 million revenue still came from interior fit-out works.

The segment generated profit of S$2.53 million, up from S$1.62 million in 1H2025.

This was the main driver of the group's overall profit growth.

The property segment remains nascent.

It recorded a small segment loss of S$56,000 in 1H2026, compared with a small profit of S$20,000 a year earlier.

The Others segment also swung to a S$189,000 loss, from a S$334,000 profit in 1H2025.

Net gearing rises as capital is deployed into property

Attika's balance sheet expanded in 1H2026 as the group deployed more capital into property.

Total assets rose 6.6% to S$47.4 million as at 30 June 2026, from S$44.4 million at end-FY2025.

This was mainly driven by higher non-current assets, which increased 20.4% to S$23.9 million.

Property, plant and equipment nearly doubled to S$10.1 million after Attika acquired two properties for an aggregate S$4.3 million.

These comprise a leasehold unit at Vision Exchange, which is used as the group's site office, and a freehold unit at Gemini @ Sims, which is intended to become a future showroom after the existing tenancy expires in November 2026.

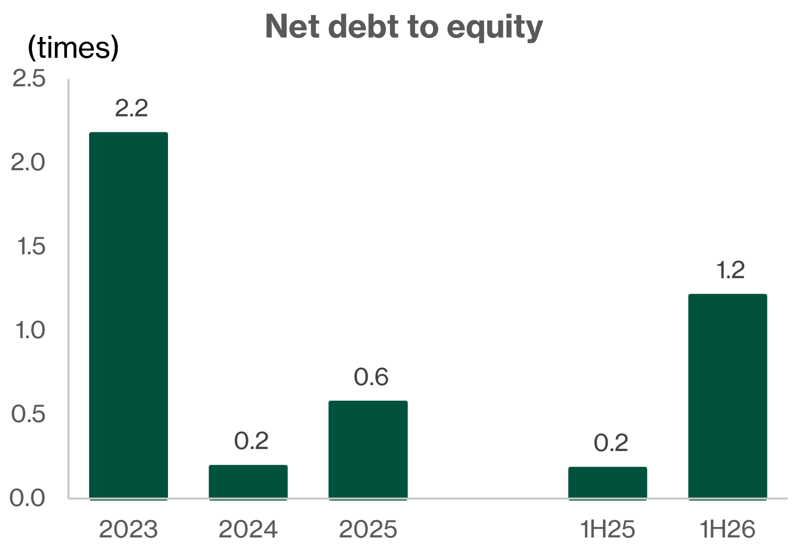
Current assets fell 4.5% to S$23.5 million.

Cash and cash equivalents declined by S$4.1 million, while contract assets fell by S$1.4 million as completed work was billed and reclassified to trade receivables.

This more than offset a S$4.5 million increase in trade receivables from higher billings.

Gearing also rose during the half. Net debt to equity increased from 0.6x at the end of 2025 to 1.2x at end-Jun 2026.

Figure 5: Net debt to equity



Source: Company Data

Total bank borrowings increased 27.6% to S$17.9 million, reflecting new debt drawn for the property acquisitions and S$1.8 million of trust receipts used for project financing.

Total liabilities rose 9.4% to S$34.8 million.

Total equity edged down 0.3% to S$12.6 million, as 1H2026 profit was more than offset by the S$1.488 million final FY2025 dividend and S$439,000 of share buybacks.

NAV per share fell to 4.68 cents, from 9.31 cents at end-FY2025.

However, this decline was largely mechanical.

Attika completed a one-for-one bonus issue in June 2026, which doubled the share count.

On a comparable pre-bonus basis, NAV per share was broadly unchanged at around 9.3 cents.

The current ratio softened to 1.25 times, from 1.39 times at end-FY2025, reflecting higher short-term borrowings and trust receipts drawn during the half.

Cash flow: working capital build-up drives an operating outflow

Attika recorded a net operating cash outflow of S$1.465 million in 1H2026.

This reversed from a net operating cash inflow of S$1.301 million in 1H2025.

The underlying operating performance was still positive, with operating cash flow before working capital changes at S$2.783 million.

However, this was more than offset by working capital movements.

Trade and other receivables rose by S$4.503 million as billings increased.

Contract liabilities also fell by S$1.917 million as revenue was recognised against contractual milestones.

Investing cash outflow was S$2.032 million, entirely due to the purchase of the two properties at Vision Exchange and Gemini @ Sims.

Financing activities used a net S$631,000.

This mainly reflected the S$1.488 million final FY2025 dividend paid, S$439,000 of share buybacks and S$217,000 of interest paid.

These outflows were partly offset by trust receipts drawn for project financing, net of repayments.

Overall, cash and cash equivalents fell by S$4.128 million to S$2.691 million as at 30 June 2026.

No interim dividend

Attika completed a one-for-one bonus issue in June 2026.

The group allotted 134,876,300 new shares, doubling its issued share capital to 269,752,600 shares, excluding treasury shares.

Management described the bonus issue as a gesture of appreciation to shareholders.

It also said the exercise could improve share affordability, accessibility and trading liquidity for a broader base of investors.

During the half, Attika also paid a final tax-exempt dividend of 1.1029 Singapore cents per share for FY2025.

This amounted to approximately S$1.488 million.

The group also repurchased 1,123,700 shares for about S$439,000 under its share buyback mandate.

This was equivalent to 0.42% of issued shares, excluding treasury shares, as at 30 June 2026.

No interim dividend was declared for 1H2026.

Management said this was to conserve cash for operational needs and investments.

Attika does not have a formal interim dividend policy.

Management had previously guided for an annual dividend payout ratio of 35% of profit attributable to shareholders for both FY2026 and FY2027.

Order book and outlook

Attika's order book momentum continued in 1H2026.

The group secured additional interior fit-out contracts worth about S$13.8 million during the half.

These include projects for Jurong Town Corporation, the Tuas Port Cargo Inspection Centre, a hospital and a corporate office.

The contracts are expected to be completed by 2027.

These wins follow several larger contract awards over the past year.

In February 2026, Attika secured about S$12.0 million of public infrastructure-related contracts from the Land Transport Authority.

In January 2026, it announced about S$38 million of commercial office interior fit-out contracts.

In November 2025, it secured S$26 million of high-specification projects, including a data centre and clean rooms.

The broader construction backdrop remains supportive.

BCA expects total Singapore construction demand to remain steady at S$47 billion to S$53 billion in 2026.

Demand is then expected to moderate to an average of S$39 billion to S$46 billion a year from 2027 to 2030, with the public sector leading demand.

Management believes Attika is well-positioned within this outlook, especially in niche segments such as data centres and public infrastructure.

The group intends to continue tendering proactively, while focusing on projects with reasonable margins.

Attika is also exploring productivity improvements.

The group has engaged a supplier to deploy AI robotics at one of its project sites, with rollout expected by the end of 2026.

Management expects this to improve operational efficiency, productivity and technological capabilities.

On the property side, Attika reiterated its intention to accelerate this newer growth pillar, following the incorporation of Gemini Property Pte. Ltd. in March 2026.

Since the FY2025 annual report, Attika utilised a further S$212,000 of its remaining IPO proceeds, mainly for professional and directors' fees and the property business.

This reduced the unutilised balance from S$701,000 to approximately S$489,000.

Valuation

Attika Group trades at 16.2x P/E and 4.3x P/B, higher than peer average P/E of 9.4x but at a discount to the peer average P/B of 6.5x.

Its dividend yield of 2.8% is lower than peer average of 6.7%, while ROE of 26.5% is healthy but below the peer average of 41.2%, which is skewed by Lum Chang Creations' very high ROE.

Figure 16: Valuation

Company Name	Ticker	Currency	Price	Revenue growth (%)	EPS growth (%)	P/E (x)	P/BV (x)	Dividend Yield (%)	ROE (%)	Net debt/ equity (x)
Attika Group Ltd.	53W-SG	SGD	0.200	-32.4	19.3	16.2	4.3	2.8	26.5	0.6
Lincotrade & Associates Holdings Limited	BFT-SG	SGD	0.365	8.5	12.0	4.2	10.8	10.5	22.4	0.6
Lum Chang Creations Limited	LCC-SG	SGD	0.32	-10.5	-13.2	7.8	4.5	6.9	64.2	1.0
Average						9.4x	6.5x	6.7%	37.7%	0.7x
Median						7.8x	4.5x	6.9%	26.5%	0.6x

Source: Factset, data as of 28 August 26, ROE and Net debt to equity based on latest reported annual data.

Attika on Beansprout's Opportunity Pot framework

Attika's 1H2026 results leave us with a more mixed view under the Opportunity Pot framework.

The business still passes on earnings momentum and return on equity. The main change is the balance sheet, where higher borrowings following its property acquisitions have pushed net debt-to-equity above our preferred threshold.

Attika's earnings recovery remains intact.

Net profit rose 11.7% year-on-year to S$1.89 million in 1H2026, even though revenue was broadly flat at S$19.2 million.

The improvement came from better margins. Gross margin increased to 20.9% from 18.4%, while net margin rose to 9.8% from 8.7%.

Earnings per share increased to 0.70 cents from 0.62 cents on a bonus-adjusted basis.

This follows FY2025, when net profit rose 19.3% to S$3.36 million despite revenue falling 32.4%.

The order book also continues to support future revenue. During 1H2026, the group secured another S$13.8 million of interior fit-out contracts, with completion expected by 2027.

As at 30 June 2026, Attika had about S$15.2 million of net debt, based on S$17.9 million of bank borrowings and S$2.7 million of cash.

Against total equity of S$12.6 million, this translates to net debt-to-equity of about 1.2 times.

That is up from 0.57 times at end-FY2025 and above our preferred threshold of below 1.0 times.

The increase in leverage reflects several uses of cash during the half.

Attika completed S$4.3 million of property acquisitions, paid S$1.49 million in final FY2025 dividends and spent S$439,000 on share buybacks.

Operating cash flow also turned negative, with a S$1.5 million outflow in 1H2026 as trade receivables increased.

Attika remains profitable and able to meet its obligations. But its investment in property has moved faster than the cash generated by the core business during the half, which is why the balance sheet no longer clears our screen.

Return on equity remains a strength.

Annualising 1H2026 net profit implies an ROE of about 29% to 30%, compared with 27.3% in FY2024 and 26.6% in FY2025.

This remains well above our 8% threshold and reflects the relatively asset-light nature of Attika's core fit-out business.

The property segment could change that over time. As more capital is committed to property, we would expect the group's overall capital intensity to rise.

Putting these together, Attika now passes two of our three Opportunity Pot checks, compared with all three previously.

Key risks

Client and project concentration risk

Attika's revenue is derived from a project-based order book. The loss, delay, or non-renewal of a small number of large contracts, such as its recent public infrastructure or data centre wins, could have an outsized effect on near-term revenue and profitability.

Working capital volatility

The group's cash flow is sensitive to the timing of billings, retention sums and contract milestones, as illustrated by the swing from a net operating cash inflow in 1H2025 to a net outflow in 1H2026. Extended payment cycles or delayed milestone achievement could strain liquidity.

Property segment execution risk

The property business is a newer, smaller segment for Attika, and its two recent acquisitions have yet to generate meaningful returns. Execution in property development and investment carries different risks from the group's core fit-out business, including holding costs, leasing risk and market cycle exposure.

Funding and interest rate risk

Total bank borrowings rose to S$17.9 million as at 30 June 2026, funding both project working capital and property acquisitions. Higher interest rates or tighter credit conditions could raise financing costs or constrain further capital deployment.

Key-man risk

Mr Steven Tan (Tan Buan Joo), Executive Chairman and Managing Director, plays a central role in Attika's client relationships, tendering strategy and overall direction. His departure or incapacity could disrupt operations.

Catalist listing and liquidity risk

As a Catalist-listed small-cap, Attika's shares may trade with lower liquidity than Mainboard peers, which can widen bid-ask spreads and increase price volatility for investors looking to enter or exit positions.

Sector cyclicality

Attika's core business is tied to the health of Singapore's construction and built environment sector. While the BCA's near-term demand outlook is supportive, construction demand is projected to moderate from 2027, and broader macroeconomic or interest rate shocks could affect both public and private sector project pipelines.

Disclosure Appendix

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