RNG TECH BERHAD (RESTNGO)

Initiation-Style Equity Research Report

Valuation Case: Justifying RM0.20 Target Price

Recommendation	BUY (Speculative Growth)	**Target Price**	RM0.20
IPO Price	RM0.13	**Implied Upside**	53.8%
Market Cap at IPO	RM102.4m	**Market Cap at TP**	RM157.6m
Forecast PAT	RM10.0m	**Implied Forward PE**	15.8x
Core Thesis	Utilisation + network expansion	**Risk Profile**	Execution / ACE market

Investment View: We initiate with a RM0.20 valuation case that supports RM0.20 per share, premised on RNG Tech scaling its owned chair network from 5,611 to 7,261 units and lifting average revenue per chair by 10% through higher utilisation, premium locations and station upgrades. Under this case, revenue can approach RM70m and PAT can reach approximately RM10m, implying a forward PE of about 15.8x at RM0.20.

- Dominant category position: largest vending massage chair operator in Malaysia by revenue with 66.2% market share in 2025.
- Clear expansion runway: 5,611 owned chairs across 1,438 stations and premium outlets, with additional 2,458 chairs under licensing in Vietnam and the Philippines.
- Low current utilisation benchmark: FY2025 revenue implies only about RM24 per chair per day, or approximately 2.4 illustrative RM10 sessions daily.
- The valuation case remains anchored to operational logic: a 10% uplift in revenue per chair implies only around 2.65 illustrative sessions per day, before considering pricing, premium sites or mix improvement.

Source: The Edge Malaysia, The Sun, NST, KLSE Screener and public IPO/prospectus-linked disclosures, accessed 23 June 2026.

Report Structure

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1. Investment Summary and Key Calls

Core thesis. RNG Tech should be analysed less as a conventional massage chair retailer and more as a location-based consumer infrastructure platform. The Group monetises idle waiting time across high-footfall areas such as malls, airports, bus and train terminals, and highway rest stops. Once a chair is installed and a site is secured, the model can scale through three levers: more deployed units, higher utilisation per unit and better site mix.

Why RM0.20 can be justified. At RM0.20, RNG Tech would be valued at approximately RM157.6m. Under this valuation case, we estimate PAT of RM10.0m, translating into a forward PE of approximately 15.8x. This is not an aggressive multiple if the company executes its expansion plan and proves that FY2025 earnings were depressed by upfront expansion costs rather than a deterioration in core economics.

Key Call	Analyst View
Revenue growth visibility	FY2025 revenue increased 22.3% to RM49.3m, driven by expansion of RNG stations, premium outlets and chair placements at high-traffic locations.
Utilisation upside	FY2025 revenue per owned chair was only about RM8,786 per year, or RM24 per day. A small improvement across thousands of chairs can materially lift revenue.
Forecast earnings	A 7,261-chair network and 10% higher revenue per chair can support approximately RM70.2m revenue and RM10.0m PAT.
Valuation support	RM0.20 equates to 15.8x Forecast PAT, while RM0.13 equates to only 10.2x Forecast PAT.
Key risks	Execution risk, location quality, utilisation volatility, rental/site cost pressure, overseas scaling and market sentiment towards ACE IPOs.

Investment Highlights

- Market leadership provides a defensible starting point: RNG Tech is reported to be Malaysia's largest vending massage chair operator by revenue, with 66.2% market share in 2025.
- The Group has expanded from its first RNG station in Selayang Mall in 2009 to operations across Malaysia, Singapore, Thailand, Cambodia and Brunei.
- The business has a built-in data and payment layer: its meter reading system enables real-time remote monitoring, while the RNG mobile application has more than 600,000 registered members.
- IPO proceeds are targeted towards network expansion, outlet refurbishment, marketing, working capital and balance sheet strengthening, directly supporting the key value drivers in our RM0.20 valuation case.

Source: The Sun, 18 June 2026; NST, 16 June 2026; The Edge Malaysia, 16 June 2026; KLSE Screener Q1 FY2026 report.

2. Company Profile and Business Model

Business description. RNG Tech operates vending massage services under the Rest N Go brand. Its chairs are placed in high-traffic waiting zones where customers are likely to have short idle windows and low switching friction. This gives the business a distinct demand profile: convenience-driven, low-ticket, impulse-led and recurring across multiple locations.

Revenue Stream	Description	Strategic Importance
Owned vending massage services	Revenue generated from customer use of RNG-operated chairs across stations and premium outlets.	Core profit engine; scales through chair count, location quality and utilisation.
Rental plans	Vending massage chair rental plans for third-party premises or operators.	Broadens deployment flexibility and may support wider brand penetration.
Licensing	Rest N Go licensing arrangements in Vietnam and the Philippines, with 2,458 chairs deployed under licensing.	Lower capital intensity; optional regional upside if partners scale effectively.
Digital engagement	Meter reading system and RNG mobile app supporting monitoring, payment and customer engagement.	Improves operating control, payment convenience and repeat-use potential.

Competitive Positioning

RNG Tech's competitive advantage is not merely the massage chair itself. The chair hardware can be replicated, but the key operating moat lies in location access, station density, brand recognition, operating maintenance, payment integration, data visibility and proven site-level deployment capability. In a fragmented vending-service market, scale matters because it improves bargaining power with landlords, allows faster redeployment of underperforming units and spreads support costs across a wider base.

- Location density: 1,438 stations and premium outlets create high consumer visibility and reinforce Rest N Go as a familiar service in waiting areas.
- Regional execution: presence across five owned-and-operated countries plus licensing in Vietnam and the Philippines increases the addressable market beyond Malaysia.
- Digital infrastructure: real-time meter monitoring can reduce revenue leakage and improve operational responsiveness compared with purely manual operations.
- Low-ticket consumer proposition: the service is affordable and convenient, making it less dependent on large-ticket discretionary purchases than conventional wellness retail.

Important Analytical Distinction

This report does not assume every chair performs equally. The Group's reported average revenue per chair is a blended figure across different countries, site types and maturity profiles. Airports, prime malls and transport hubs should theoretically outperform lower-traffic sites, while newly acquired or newly deployed overseas markets may initially dilute group averages. Our valuation approach therefore uses a modest 10% uplift in blended revenue per chair rather than assuming a sharp utilisation re-rating.

3. Historical Performance and Unit Economics

RM million	FY2024	FY2025	Commentary
Revenue	40.3	49.3	+22.3% YoY, supported by more stations, premium outlets and chair placements.
PAT	14.5	6.0	FY2025 lower due to absence of FY2024 one-off disposal gain and higher expansion-related costs.
PAT margin	36.0%	12.2%	FY2025 margin depressed by rapid expansion, depreciation, operating and staff costs.

Source: The Sun and NST reported FY2025 revenue of RM49.3m, FY2024 revenue of RM40.3m, FY2025 PAT of RM6.0m and FY2024 PAT of RM14.5m.

1Q FY2026 Early Signal

The first listed-company quarterly disclosure provides an important but early signal. For 1Q FY2026, RNG Tech reported revenue of RM16.887m, PBT of RM4.336m, PAT of RM3.476m and PAT attributable to owners of RM3.361m. Annualising the first quarter would imply revenue of approximately RM67.5m and PAT attributable to owners of RM13.4m. We do not use this annualised figure as our forecast because Q1 seasonality and post-listing adjustments are not fully observable. However, it supports the idea that a RM10.0m forecast PAT is not mathematically stretched if operating momentum is sustained.

Metric	1Q FY2026	Simple Annualised	How We Use It
Revenue	RM16.887m	RM67.5m	Cross-check for forecast revenue of RM70.2m.
PBT	RM4.336m	RM17.3m	Indicates operating leverage when revenue scales.
PAT attributable to owners	RM3.361m	RM13.4m	Supports but does not replace our RM10.0m forecast PAT.

Source: KLSE Screener / Bursa quarterly report summary for quarter ended 31 March 2026.

Reverse-Engineered Chair Economics

Calculation	Formula	Result
Annual revenue per owned chair	RM49.3m / 5,611 chairs	RM8,786
Monthly revenue per owned chair	Annual revenue per chair / 12	RM732
Daily revenue per owned chair	Annual revenue per chair / 365	RM24
Illustrative sessions per chair/day	Daily revenue / RM10 assumed session price	2.41 sessions

Note: Session pricing varies by location, duration, promotion and payment channel. RM10 per session is used only as an illustrative benchmark to translate revenue into utilisation logic.

Key implication. The current blended revenue base does not require heavy chair occupancy. On the illustrative RM10-session assumption, each chair needs only about 2.4 paid sessions daily, or roughly 24 minutes of paid usage per day if a session is 10 minutes. Therefore, the investment case is highly sensitive to small utilisation changes across a large installed base.

4. Growth Strategy and Regional Utilisation Forecast

Growth should be assessed on two dimensions: network expansion and revenue productivity. Simply adding chairs can lift revenue, but the higher-quality earnings driver is improved revenue per chair. Management's IPO proceeds allocation directly addresses both levers: new stations and premium outlets increase capacity, while refurbishment, upgrades, marketing and digital engagement should improve conversion and repeat usage.

Use of IPO Proceeds	Amount	% of Proceeds	Analytical Relevance
New RNG stations and premium outlets	RM4.9m	29.9%	Directly supports chair deployment and market coverage.
Refurbishment and upgrading	RM2.2m	13.3%	Supports higher customer experience and potentially better utilisation.
Marketing expenses	RM1.0m	6.1%	Supports brand awareness, app engagement and usage frequency.
Repayment of borrowings	RM3.0m	18.3%	Improves balance sheet flexibility.
Working capital	RM1.1m	6.8%	Supports ongoing operations and expansion.
Estimated listing expenses	RM4.2m	25.6%	Transaction-related and non-growth in nature.

Source: NST and The Edge Malaysia, based on IPO prospectus disclosures.

Regional Expansion View

Region	Current Positioning	Forecast Utilisation View	Valuation Role
Malaysia	Core market and largest revenue base; strong brand visibility in malls, airports and transport locations.	Highest probability of utilisation improvement due to brand familiarity, site density and 600,000+ app member base.	Anchor market for expansion; planned addition of more chairs supports near-term visibility.
Singapore	Mature, high-income travel and mall market but likely higher site costs.	Potentially higher revenue per chair, but margin depends on site economics and rental/revenue-share terms.	Quality market rather than volume-led growth driver.
Thailand	Newly acquired market contribution began in FY2025; public reports cite Lotus Thailand and Big C Thailand location opportunities.	Potentially meaningful scale if chain relationships convert into multi-site deployment.	Key overseas swing factor for targeted utilisation improvement.
Cambodia / Brunei	Earlier-stage regional markets acquired in FY2025.	Likely lower initial productivity before network maturity, but limited base allows growth off a low starting point.	Incremental growth option; should be monitored for payback discipline.
Vietnam / Philippines	2,458 chairs deployed under licensing arrangements.	Lower capital intensity; upside depends on licensee execution rather than direct chair deployment.	Optionality without the same direct capex burden.

Utilisation Forecast Logic

The valuation case assumes only a 10% improvement in average revenue per owned chair. This lifts annual revenue per chair from approximately RM8,786 to RM9,665. On the illustrative RM10 session benchmark, the implied usage would rise from around 2.4 sessions to only about 2.65 sessions per day. This is deliberately moderate: it does not require every location to become a high-traffic airport site, nor does it require a structural price increase.

- Malaysia: higher traffic conversion from station refurbishment, premium outlets and broader digital engagement.
- Thailand: stronger ramp potential if deployment through large retail chains translates into repeatable multi-site expansion.
- Singapore: higher ticket/location quality may support revenue productivity, but cost discipline is essential.
- Licensing markets: income potential with lower capital intensity, but less direct operational control.

5. Forecasts and Target Price Derivation

This valuation case is designed as an achievable bull case, not a blue-sky case. It combines disclosed chair deployment, modest utilisation uplift and a PAT margin that sits above FY2025 but below the simple 1Q FY2026 run-rate margin. The result is a target price of RM0.20, supported by explicit operating assumptions rather than a generic growth multiple.

Valuation Assumption	Input	Rationale
Existing owned chairs	5,611	As at 18 May 2026 across Malaysia, Singapore, Thailand, Cambodia and Brunei.
Additional chairs assumed	1,650	Based on management expansion direction: Malaysia and overseas deployment runway.
Future owned chair base	7,261	Represents approximately 29.4% increase from current owned base.
FY2025 revenue per chair	RM8,786	Reverse-calculated from FY2025 revenue and owned chair base.
Utilisation uplift	+10.0%	Supported by premium outlets, refurbishment, marketing, digital payment and better site quality.
Forecast revenue per chair	RM9,665	Equivalent to around 2.65 illustrative RM10 sessions per day.
Forecast revenue	RM70.2m	Future chair base multiplied by improved revenue per chair.
Forecast PAT margin	14.2%	Above FY2025 margin but below Q1 FY2026 annualised margin; assumes operating leverage but remains conservative.
Forecast PAT	RM10.0m	Key earnings base for target price.

Target Price Calculation

Valuation Item	Calculation	Result
Enlarged share base	RM102.4m IPO market cap / RM0.13 IPO price	787.7m shares
Forecast EPS	RM10.0m / enlarged share base	1.27 sen
Target price	Forecast EPS x 15.8x forward PE	RM0.20
Market cap at TP	RM0.20 x enlarged share base	RM157.6m
Upside from IPO price	(RM0.20 / RM0.13) - 1	53.8%

Why 15.8x forward PE is supportable. At first glance, 15.8x may appear in line with the IPO PE of 16.9x based on FY2025 PAT. However, the difference is the earnings base. At RM0.20, investors would be paying 15.8x on our forecast PAT of RM10.0m, rather than 16.9x on a FY2025 earnings base that was affected by rapid expansion costs. If the Group demonstrates that the enlarged network can generate stronger utilisation and operating leverage, the same headline multiple becomes more attractive because the earnings denominator improves.

Share Price	Market Cap	PAT Base	Implied PE	Interpretation
RM0.13 IPO price	RM102.4m	FY2025 PAT RM6.0m	16.9x	Historical valuation; expansion costs depress earnings.
RM0.13 IPO price	RM102.4m	Forecast PAT RM10.0m	10.2x	If the valuation case is achieved, IPO price looks inexpensive.
RM0.20 target price	RM157.6m	Forecast PAT RM10.0m	15.8x	Reasonable forward valuation for a scalable market leader.

6. Sensitivity Analysis, Risks and Investment Conclusion

Target Price Sensitivity

Forecast PAT / Forward PE	14.0x	15.8x	16.0x	18.0x
RM8.0m PAT	14.2 sen	16.0 sen	16.2 sen	18.3 sen
RM9.0m PAT	16.0 sen	18.1 sen	18.3 sen	20.6 sen
RM10.0m PAT	17.8 sen	20.1 sen	20.3 sen	22.9 sen
RM11.0m PAT	19.6 sen	22.1 sen	22.3 sen	25.1 sen

Interpretation: The RM0.20 target is supported if RNG Tech can approach RM10.0m PAT and command approximately 15.8x forward earnings. Alternatively, lower earnings could still justify around RM0.20 if the market awards a higher growth multiple, but that would be less conservative.

Key Catalysts

- Evidence of higher utilisation per chair through stronger quarterly revenue productivity.
- Visible chair deployment progress in Malaysia and overseas markets.
- Improvement in profitability as FY2025 expansion costs are absorbed by a larger revenue base.
- Successful rollout of premium outlets and refurbished stations leading to better customer conversion.
- Positive market reception after listing and improved liquidity as investors reassess the business as a consumer infrastructure platform.

Key Risks

Risk	Why It Matters	What Investors Should Monitor
Utilisation risk	Revenue per chair may not improve if traffic conversion remains weak.	Revenue per chair, quarterly sales growth, app usage and location maturity.
Execution risk	Rapid expansion can pressure maintenance, staffing and site selection discipline.	Chair deployment pace versus margins and cash flow.
Location cost risk	Higher revenue-share, rental or site fees can dilute profitability.	Gross margin, direct operating costs and lease commitments.
Overseas market risk	Thailand, Cambodia and Brunei may take longer to mature.	Country-level disclosures, new site productivity and payback period.
Competitive risk	Hardware is replicable; competitors may target attractive sites.	Market share, landlord retention and station churn.
IPO / market risk	ACE Market valuations can be sentiment-driven post listing.	Trading liquidity, lock-up overhang, earnings delivery and news flow.

Investment Conclusion

RNG Tech offers a differentiated IPO growth story within the Malaysian small-cap universe. The market may initially simplify the company as a vending massage chair operator. Our view is more constructive: RNG Tech owns a scalable location-based monetisation network with recurring low-ticket usage, regional optionality and operating leverage from utilisation improvement.

The reverse-engineered economics are the central reason RM0.20 is supportable. FY2025 revenue implies only RM24 per owned chair per day. The valuation case requires a future owned base of 7,261 chairs and only a 10% improvement in blended revenue per chair, which produces approximately RM70.2m revenue. With PAT of RM10.0m, RM0.20 represents 15.8x forward earnings and 53.8% upside from the IPO price.

Final call: We believe RM0.20 is a credible valuation if management delivers on network expansion, utilisation uplift and margin normalisation. The most important post-listing validation will not be the share price movement alone, but whether quarterly disclosures show rising revenue productivity and sustainable earnings conversion.

Prepared from publicly available information. Not a licensed investment research report. See disclaimer.

References and Disclaimer

1	The Edge Malaysia, “Vending massage chair operator RNG Tech opens IPO applications at 13 sen”, 16 June 2026. Key data: IPO price, market capitalisation, owned chairs, licensing chairs, IPO proceeds allocation and Q1 FY2026 summary.
2	The Sun, “RNG Tech: IPO proceeds to support expansion, growth”, 18 June 2026. Key data: 66.2% market share, 600,000 registered app members, 5,611 chairs, 1,438 stations, FY2024/FY2025 revenue and PAT.
3	New Straits Times, “RNG Tech targets RM16.4mil IPO to fund regional expansion plans”, 16 June 2026. Key data: IPO proceeds, market share, locations, network size, revenue and PAT.
4	KLSE Screener / Bursa quarterly report summary, “RESTNGO (0465) - Mar 2026 Quarterly Report”, announced 16 June 2026. Key data: Q1 FY2026 revenue, PBT, PAT and EPS.
5	The Star, “Rest N Go eyes larger footprint”, 17 June 2026. Key data: stated intention to add more chairs in the Malaysian market over the next three years.
6	Majalah Labur, “RNG Tech Berhad Sediakan Langkah Ke IPO Pasaran Ace Untuk Memacu Pengembangan”, June 2026. Key data: IPO profile, business model, regional presence and Thailand chain-opportunity commentary.

Methodology Notes

- All financial forecasts in this report are internally derived estimates based on publicly available information and reverse-engineered operating assumptions.
- The RM0.20 valuation is not management guidance. It is an analyst-style valuation model built to test whether RM0.20 can be supported by reasonable earnings assumptions.
- Revenue per chair is calculated using FY2025 revenue divided by owned and operated chairs. This may not perfectly match management’s internal chair-level productivity because revenue mix may include rental, licensing and other service income.
- The RM10 session price used in utilisation translation is illustrative only. Actual pricing may differ by market, location, session length, promotion and payment channel.
- No country-level financial forecasts are presented because detailed country-by-country revenue and chair productivity disclosures are not available from public summaries reviewed.

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