

VALUEMAX GROUP LTD (SGX: T6I)

1H FY2025 Results Update | 22 September 2025

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Rating: BUY
Last Close: S\$0.880
Target Price: S\$1.050
Upside: 19%

Executive Summary

ValueMax Group delivered a **record-high interim net profit** of S\$48.8 million in 1H FY2025, up 35.7% YoY. Revenue grew 16.8% YoY to S\$268.3 million on robust performance across all core segments. The strong earnings underscore ValueMax's **resilient, cash-generative model** – even as its stock has rallied (~66% since our initiation at S\$0.53 in May), valuations remain undemanding at ~8–9× FY2025E P/E. We **maintain our BUY** rating, raising our target price to S\$1.05 (from S\$0.70) to reflect higher peer valuations and strong 1H results. This new TP implies ~10× FY2025E earnings, still below regional peer multiples (~12×). The investment thesis of **defensive growth** holds firm: ValueMax's pawn and secured lending business thrives on counter-cyclical demand, and elevated gold prices have provided an extra tailwind. Key 1H FY2025 highlights include margin expansion (gross margin 30.2% vs 27.6% a year ago), the declaration of a *first-time interim dividend* of 1.20¢ – marking a new milestone in the Group's capital-return policy – and a fortified balance sheet. We remain positive on ValueMax's outlook given its leading market position, prudent risk management, and improving returns.

Key Metrics (as of 19 Sep 2025; balance sheet as of 30 Jun 2025)

Metric	Value	Reference Period
Share Price	S\$0.880	19 Sep 2025 (last close)
Market Capitalisation	~S\$825 million	19 Sep 2025 (last close)
P/E	~10× (FY2025E: ~8.5×)	FY2024 actual (rebased); FY2025E est.
EV/EBITDA	~10.8×	FY2024 actual
ROE	~18%	FY2024 actual
Dividend Yield	~4.4% (1.20¢ interim + est. final)	FY2025E est.
Net Debt	~S\$717 million	1H FY2025 (30 Jun 2025)
Net Gearing (Debt/Equity)	~1.3×	1H FY2025 (30 Jun 2025)
Upside to Target Price (TP)	+19%	TP S\$1.05 vs \$0.88 share price

(Share price and market cap in SGD. P/E based on last FY actual and current year estimate. Net debt and equity as of 30 Jun 2025.)

Business Overview

Leading Pawn & Finance House: ValueMax is one of Singapore’s top three pawnbrokers, and was the first pawnshop chain listed on SGX Mainboard. It operates a **diversified business model** with three core segments: (1) **Pawnbroking** – granting short-term secured loans against gold, jewelry, and luxury items; (2) **Moneylending** – longer-term personal and corporate loans (mostly secured by property or vehicles); and (3) **Retail & Trading** – sale of new and pre-owned gold jewelry, bullion and luxury products (including the resale of unredeemed pawn items). This integrated model creates multiple income streams (interest income and retail margins) and synergies – unredeemed pawned gold can be sold through retail channels at a profit. Founded in 1988, ValueMax has grown to 49 pawnshop/retail outlets island-wide, plus 26 associated outlets in Malaysia. Management focuses on strategic expansion, having been **judicious in outlet growth** to maximize per-store productivity. In March 2025, ValueMax acquired two small pawnshop operators (Heng Heng and Ban Fook), adding to its network and cementing its leadership in Singapore. Overall, ValueMax’s well-diversified operations and prudent risk management (over 95% of its loan book is secured by tangible collateral) underpin a resilient business model that can thrive even in economic downturns.

Financial Highlights (1H FY2025)

ValueMax turned in a robust 1H2025 financial performance, setting new interim records. **Revenue hit S\$268.3 million**, up 16.8% YoY, on broad-based growth. **Net profit (PATMI) jumped to S\$48.8 million**, rising 35.7% YoY, as margins expanded and operating leverage kicked in. Notably, the 1H2025 net profit has already reached ~59% of FY2024’s full-year profit (S\$82.8M), keeping ValueMax on track for another record year. **Gross profit margin** improved markedly to 30.2% in 1H2025 (vs 27.6% in 1H2024), driven by a richer revenue mix (higher contributions from pawnbroking and lending, which carry superior margins) and buoyant gold prices supporting retail spreads. As a result, **net profit margin** climbed to ~18.2% (from ~15.6% a year ago), comparable to the record ~18% net margin achieved in FY2024. Earnings per share (EPS) for the half-year came in at **5.39 cents** (vs 4.29¢ in 1H2024), despite a larger share base from warrant conversions.

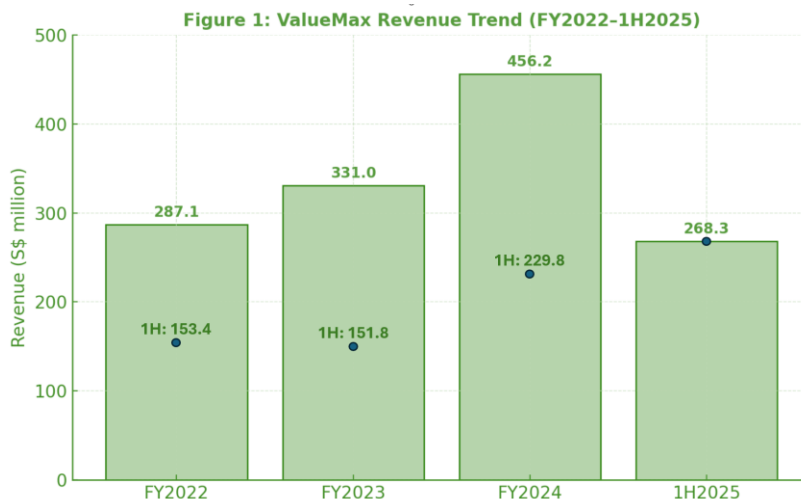


Figure 1: Revenue trend from FY2022 to 1H2025 (annual figures for FY2022–FY2024, with 1H2025 as latest half-year). ValueMax saw accelerating top-line growth in FY2024, and 1H2025 continues the growth trajectory, reaching S\$268M in six months.

Segmental Trends: All core segments delivered growth in 1H2025. The **Retail & Trading** segment (sale of gold jewelry, bullion, and luxury goods) remained the largest contributor at S\$204.8 million revenue (76% of total), rising 17.5% YoY on higher sales volumes and gold prices. **Pawnbroking** revenue grew 20.2% to S\$28.1 million, reflecting strong demand for pledge loans amid an expanded pawn loan base and higher valuation of gold collateral. **Moneylending** revenue was S\$35.4 million, up 10.7% YoY, as the secured lending book continued to expand in tandem with consumer and SME credit needs. The retail/trading segment benefited significantly from the gold boom – management noted that elevated gold prices have spurred both retail buying and allowed larger pawn loans (since high gold value increases customers’ borrowing capacity). As a result of higher gold-driven sales, **cost of goods** rose at a slower pace (+12.6% YoY) than revenue, boosting gross profit by 27.7% YoY to S\$81.1 million. Meanwhile, operating expenses were well-controlled: 1H2025 admin and distribution costs grew ~26% YoY, roughly in line with business volume, and finance costs ticked up only 0.2% to S\$4.27M (interest expense largely stable). Notably, **share of profits from associates** (mostly contributions from the Malaysian associated pawn outlets) increased 25.8% YoY to S\$4.44M, adding to the bottom line. Overall, ValueMax achieved **double-digit growth across revenue, EBITDA and PATMI**, with improved profitability metrics, underscoring the scalability and resilience of its model.

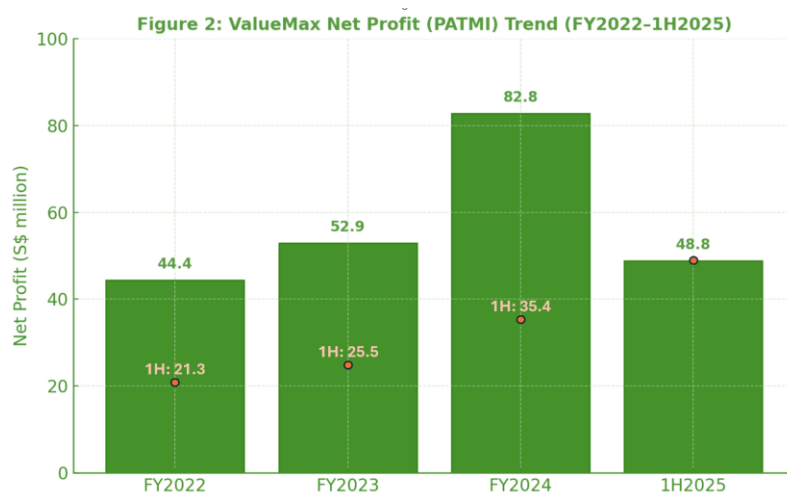


Figure 2: Net Profit (PATMI) trend from FY2022 to 1H2025. After a sharp jump to S\$82.8M in FY2024, 1H2025 PATMI reached S\$48.8M – the strongest half-year in ValueMax’s history, paving the way for another record year

Margins & Profitability: Gross margin expansion in 1H2025 (to 30.2%) marks a return to the ~30% level seen in FY2023 after a dip in FY2024. The recovery reflects a higher proportion of income from pawn and lending interest (which incur minimal cost of sales) and possibly some stabilization of gold procurement costs. **Net profit margin** held at a robust 18.2%, significantly higher than pre-2024 levels (~15%), thanks to operating leverage and lower credit costs. Despite a substantial loan book, asset quality remains excellent – loan losses are negligible due to the secured nature of 95% of the portfolio, and inventory (pledged items) can be sold for recovery. Return on equity (ROE) stands ~18–19% on a trailing basis, reflecting efficient capital use, even as equity enlarged from retained earnings and new shares. **Interim Dividend:** Backed by the strong 1H results, the Board declared an interim dividend of **1.20 cents per share (one-tier tax exempt)** – the first interim payout in ValueMax’s history

(previously only final dividends were declared, with no interim in 1H2024). This payout represents ~22% of 1H earnings and underscores management's confidence in the Group's earnings trajectory and cash generation. Looking ahead, we expect a final dividend at least in line with last year's *2.68¢ final*, which would bring FY2025 dividends to ~3.9¢ – a ~45% YoY increase, implying a forward yield of ~4.4% at the current share price. Management has reiterated its intent to sustain or grow annual dividends in tandem with earnings.

Investment Thesis

1. Counter-Cyclical Demand, Supported by Gold Upswing: ValueMax's core pawnbroking business thrives during economic stress or credit tightening, as more individuals pledge assets for quick liquidity. This counter-cyclical nature has been evident in recent years – despite macro uncertainties, ValueMax's loan book and sales have grown steadily. Moreover, the current **gold price upswing** provides a dual boost: gold is near all-time highs (~US\$3,656/oz as of 19 Sep 2025), driving strong retail bullion and jewelry demand, while also increasing the value of pawn collateral (enabling larger secured loans). The result is higher interest income and fee generation per loan, with collateral well in the money. With gold up ~40% YoY, ValueMax is capitalizing on a favorable cycle in its trading and pawn segments. We see this as a natural hedge – in downturns, pawn demand rises, and in upturns, discretionary buying of gold jewelry picks up, yielding a resilient overall revenue stream.

2. Market-Leading Position & Scalable Network: ValueMax is a market leader in Singapore, operating at **greater scale and efficiency** than peers. Its 49 outlets (plus associates' 26 in Malaysia) give it a broad footprint, yet management has been selective in expansion, resulting in higher per-store productivity than competitors. The recent acquisitions of two pawnshops expand its reach and should be quickly accretive given ValueMax's stronger merchandising and lending capabilities. The group's size also provides economies of scale in gold procurement, auction/disposal of unredeemed pledges, and financing costs. As industry conditions tighten for smaller players (due to regulatory compliance and digitalization investments), **market consolidation** could further benefit the top players like ValueMax. The company's multi-segment model (pawn + moneylending + retail) is unique and hard to replicate, offering customers one-stop solutions and the company multiple income levers. This entrenched market position underpins revenue stability and pricing power (e.g. ability to command competitive interest rates and retail margins).

3. Prudent Risk Management – 95% Secured Loan Book: A key pillar of ValueMax's investment case is its **asset-backed lending model**. Unlike unsecured lenders, ValueMax lends mainly against gold, jewelry, real estate or other tangible assets, maintaining conservative loan-to-value (LTV) ratios. Management reports >95% of the loan book is secured by collateral. This greatly limits credit risk – in the event of default, pledged items can be sold to recover principal and interest (indeed, some profit can be made from sales of forfeited collateral when gold prices are high). The company also applies rigorous assessment of collateral value and has in-house expertise in appraising precious metals and stones. Thanks to these practices, **bad debts are minimal** and credit costs have been negligible even through economic cycles. The secured pawn loans typically carry ~1–2% monthly interest, translating to high effective yields with manageable risk. Overall, ValueMax's careful underwriting and collateral

management give confidence that growth in the loan portfolio will not compromise asset quality or result in outsized provisions.

4. Strong Financial Performance & Cash Generation: ValueMax has delivered **multi-year earnings growth** (FY2019–2024 net profit CAGR ~28%) while generating positive operating cash flow. FY2024 profit reached a record S\$82.8M and this momentum has carried into 2025. The business is highly profitable – 1H2025 ROE is ~17–18%, with net interest margin and retail mark-ups benefiting from scale and gold price tailwinds. Crucially, the business converts earnings to cash reliably: pawn loans are typically short-term (<6 months) and inventory turns are high, so cash is continually recycled. While ValueMax does employ debt to fund growth (see Balance Sheet section), interest coverage remains very comfortable at >10× EBITDA/interest. The group’s **high profitability and cash flows** support ongoing dividends (~40% payout feasible) and provide capacity for expansion. We expect FY2025e earnings to surpass FY2024’s, given 1H’s strong start, which positions the company to potentially reward shareholders with higher dividends or share buybacks (the latter if the stock remains undervalued).

5. Undemanding Valuation vs Peers & Assets: Despite its stellar performance, ValueMax’s stock still trades at a low multiple relative to its fundamentals. At S\$0.88, it is valued at ~8.5× FY2025E earnings and ~1.48× book value – this for a business generating ~18% ROE and ~4–5% dividend yield. By comparison, regional peers in pawnbroking and specialty finance trade around 10–12× P/E. Even local peer MoneyMax (which has a similar business mix) is priced at ~6× FY2025E P/E after its recent rally, and our target for MoneyMax implies ~8×. ValueMax’s lower multiple partly reflects its smaller free float and past under-the-radar status, but we believe the valuation **gap is poised to narrow** as more investors appreciate its defensive growth story. On an asset basis, ValueMax’s **NAV per share** was ~S\$0.596 as of 30 Jun 2025 (after factoring in new shares from warrant exercises), so the stock trades at only ~1.48× P/B despite its high-return, asset-backed earnings. We see room for further re-rating given the company’s consistent delivery and sector tailwinds.

Valuation & Peer Comparison

We update our valuation to account for earnings upgrades and sector re-rating. Our **base-case Target Price is S\$1.05**, derived from a blended methodology: primarily a P/E approach, cross-checked with EV/EBITDA and P/B. We apply ~10× FY2025E EPS (~10.5¢) for our base case, representing a discount to regional peers (~12×) to reflect ValueMax’s small-cap status but acknowledging its superior ROE and defensive profile. On an EBITDA basis, the TP implies ~11× FY25e EV/EBITDA, reasonable given the high leverage nature of the business (where debt funds income-generating assets). In terms of P/B, S\$1.05 equates to ~1.76× book, for an expected ~20% ROE – still below the PEG implied by peer valuations. For reference, **MoneyMax (SGX: 5WJ)** currently trades around 6× FY25E P/E and ~0.94× P/B, with a 25–30% ROE, and has an analyst target ~8× P/E. **Maxi-Cash/Aspial Lifestyle (SGX: 5UF)**, a smaller pawn retail peer, trades at ~5–7× P/E (though its growth has been slower). We believe ValueMax deserves at least parity, if not a premium, given its larger profit base and higher dividend payout.

Peer Benchmarking: (Market data as of 19 Sep 2025)

Company	Price (SGD)	Market Cap (\$M)	P/E (FY25E)	P/B (latest)	ROE (%)	Div Yield (%)
ValueMax (SGX:T6I)	0.88	~825	~8.5x	1.48x	~18	~4.4
MoneyMax (SGX:5WJ)	0.44	~400	~6x	0.94x	~25	~3.3
Aspial Lifestyle (SGX:5UF)*	0.19	~350	~5x	0.8x	~15	~5.8

* Maxi-Cash Fin Svcs was renamed Aspial Lifestyle; figures rough due to different FY.

At our TP of S\$1.05, ValueMax would trade at ~10x forward earnings – still a **discount to peers** and justified by its high collateral coverage and consistent growth. We also consider a **bull-case scenario** where sustained gold prices and loan growth drive FY2025–26 earnings ~10% above our base projection; applying a higher 12x P/E (peer average) would yield a **bull-case TP ~S\$1.26** (implying >40% upside). Conversely, in a bear case of gold price correction and slower lending, earnings could stagnate – even then, at ~5x P/E (historical trough valuations) the stock would likely find support around S\$0.50–0.60 given its book value and continuing profitability. Thus, the risk-reward remains attractive, with our base-case TP offering nearly 20% upside and further potential if the market assigns a peer-level multiple. We note that a **DCF analysis** (FCFE model) we conducted supports the notion of significant intrinsic value – our updated DCF (assuming ~5% annual profit growth through 2029, 10% COE, 3% terminal growth) yields an equity value in the **S\$0.90–0.95/share** range, while a more optimistic growth case exceeded S\$1.00. We temper DCF inputs for conservatism, but it reinforces that ValueMax’s steady cash generation and reinvestment can compound value over time (indeed the title of its recent sustainability report was “*Compounding Value*”). In sum, our TP of S\$1.05 is supported by multiple valuation angles and leaves room for further upside as the company continues to deliver. We reiterate our **BUY** call.

Catalysts & Risks

Catalysts

- **MAS “GEMS” & EQDP Initiatives:** ValueMax is benefitting from increased attention on SGX small-mid caps due to the MAS’s Equity Research Grant (GEMS) and Equity Market Development Programme (EQDP). These initiatives (with S\$1.1B allocated so far) fund research coverage and channel liquidity into local stocks. As an SGX-listed “hidden gem” with strong fundamentals, ValueMax could see **greater investor awareness and trading liquidity** – indeed its share price has more than doubled YTD 2025 on higher volumes. Ongoing inclusion in sponsored research programs may further catalyze interest, narrowing the valuation gap.
- **Gold & Precious Metal Prices:** The surge in gold prices to ~\$3,650/oz has materially boosted ValueMax’s revenue and profits. Further strength in gold (or sustained high levels) would continue to **lift retail sales and pawn lending volume**. Each 1% rise in gold price increases the

dollar value of pawn collateral and typically stimulates more pawnbroking activity (customers can borrow more, and the public is enticed to monetize gold holdings). The current macro backdrop (e.g. low real interest rates, geopolitical uncertainties) remains supportive of gold. In addition, high gold prices increase the scrap value of pledged items, meaning ValueMax can recover loans via auction with little loss. The upside scenario of gold maintaining record highs or rising further could drive earnings above our forecast.

- **Interest Rate Easing:** As interest rates peak and potentially fall in 2025–2026, ValueMax stands to gain from **lower funding costs** and increased credit demand. In 1H2025, finance costs barely rose (+0.2% YoY), and management noted that borrowing rates have started to ease. The group's net interest margins should expand as legacy high-rate borrowings refinance at cheaper rates. Moreover, lower rates generally stimulate borrowing: more individuals and SMEs are likely to take pawn loans or secured loans when financing costs drop. The prospect of rate cuts (the market anticipates the US Fed to start trimming rates in 2026) is a tailwind for ValueMax's **secured lending segment**, potentially accelerating loan book growth.
- **Store Network Expansion & M&A:** ValueMax continues to look for growth opportunities via new outlets and bolt-on acquisitions. The two pawnshops acquired in Mar 2025 show management's willingness to consolidate market share. Any **further acquisitions** (whether in Singapore or Malaysia) could provide a fillip to earnings – given the group's efficient operations, it can quickly improve margins at acquired stores. Additionally, entering new niches (e.g. higher-end luxury watch resales or online pawnbroking) could unlock new revenue streams. A larger store network also enhances brand presence and customer trust, reinforcing the virtuous cycle of growth. We note that Malaysia, where ValueMax has associates, remains under-penetrated and could be a growth frontier (MoneyMax's Malaysia revenue nearly doubled in 1H2025). Any moves to directly expand in Malaysia or regionally could be catalysts if executed prudently.
- **Unlocking of Value / Special Distributions:** With profitability high and leverage moderate, ValueMax is in a position to reward shareholders. Management has a track record of paying steady dividends and even raised the payout in FY2024 (2.68¢ vs 2.20¢ prior). There is potential for **higher dividends or specials**, especially if the company decides to slow its loan book growth and harvest cash. Alternatively, an **asset monetization** (for example, selling a stake in the Malaysian associate network or listing it) could unlock value. In an extreme scenario, industry consolidation could even see a larger financial entity take interest in pawnbrokers – given ValueMax's market lead, it would be an attractive candidate. While we do not base our valuation on M&A, any such speculation could catalyze a re-rating of the stock.

Risks

- **Gold Price Correction:** A significant decline in gold prices is the primary risk to watch. If gold were to sharply correct from current highs (e.g. due to rising real interest rates or a stronger USD), it could **reduce the value of pawn collateral** and dampen consumer appetite for jewelry. Lower gold prices mean smaller loan ticket sizes (since collateral is worth less) and potentially lower margin on retail sales (inventory bought at higher prices might see margin compression). That said, ValueMax's risk is mitigated by conservative LTVs – even if gold falls, most loans

would still be covered by collateral value. A gold crash could temporarily hit retail trading revenue and require the group to write down inventory value, impacting gross profit. We note gold volatility is an inherent industry risk, though over the long term gold has trended up; short-term swings could introduce earnings volatility.

- **Regulatory Changes:** The pawnbroking and moneylending sectors are tightly regulated by authorities (MinLaw and MAS in Singapore). Any **regulatory tightening** could pose a risk. For instance, authorities might lower the interest rate cap on pawn loans or licensed moneylender loans, which would directly pressure margins. New rules on pawn ticket tenure or auction processes could increase compliance costs. There is also ongoing scrutiny on moneylenders regarding responsible lending – if regulators impose stricter credit checks or capital requirements, it might constrain growth or raise operating costs. Additionally, anti-money laundering regulations could require enhanced due diligence for high-value transactions (raising admin burden). While ValueMax has a strong compliance record, regulatory changes are largely out of its control. In Malaysia, recent rules on pawn transaction digitization and interest caps have been introduced; similar changes in Singapore (though not expected in the near term) would be a risk factor.
- **Credit and Asset Quality Risks:** Although the loan book is almost entirely secured, there is a scenario where **collateral values deteriorate sharply** (e.g. a collapse in second-hand jewelry prices beyond gold's intrinsic value, or property market slump affecting secured loans). In such a case, ValueMax could face loan losses if collateral sales do not fully cover exposures. The moneylending portfolio (secured by properties/vehicles) carries some credit risk if a severe recession hits borrowers' ability to repay – even with collateral, foreclosure processes can be lengthy and collateral value might fall below loan principal. Any significant default or fraud could result in write-offs. However, historical credit costs for ValueMax have been minimal, and the diversified collateral (gold, diamonds, property) provides a cushion. We flag this risk mainly in an extreme downturn scenario.
- **Funding and Leverage Risks:** ValueMax's business is working-capital intensive – it requires substantial debt to fund pledge loans and inventory. As of 1H2025, the group had S\$756M in borrowings (mostly short-term bank loans and notes), translating to net gearing ~130%. While interest coverage is strong (>10x) and the debt is asset-backed, a **liquidity crunch or credit market tightening** could pose risk. If banks curtail credit lines or if interest rates spike unexpectedly, ValueMax might have to slow loan growth or face higher finance costs. The company has been proactive in tapping diversified funding (recently launching commercial papers on SDAX to raise >S\$60M). Still, reliance on wholesale funding means exposure to refinancing risk. We take comfort that borrowings are collateralized against pledges and inventory, and the group maintains adequate banking facilities. Investors should monitor net debt levels – rapid loan book expansion could temporarily increase leverage, though the concurrent warrant conversions (exercise price \$0.36) have injected fresh equity (~S\$24M from exercises in 1H2025) to support growth.
- **Low Trading Liquidity / Ownership Concentration:** ValueMax's free float is somewhat limited (the founding Yeah family and close associates control a majority stake of ~70%). The stock's

trading volume, while improved lately, is lower than broader market averages. This **low liquidity** can lead to higher volatility and may warrant a liquidity discount in valuation. Large investors might find it challenging to accumulate or exit positions quickly. The concentrated ownership also means **corporate governance risk** is tied to key individuals – although thus far management’s interests are aligned with shareholders (e.g. regular dividends, no related-party concerns of note). We do not view this as a severe risk, but it can affect short-term stock performance and is worth noting.

Dividend & Balance Sheet

Stronger Capital Base: ValueMax’s balance sheet expanded in 1H2025, with total assets reaching S\$1.37 billion and shareholders’ equity rising to S\$563.2 million. The increase in equity was helped by retained earnings and the exercise of in-the-money warrants. During 1H2025, ~66 million warrants were converted (out of 112M outstanding at end-2024), bringing in **S\$24.1M fresh capital** (at the \$0.36 exercise price) and boosting share capital. This not only provides growth capital at low cost but also removes the warrant overhang (the remaining warrants expire in Sep 2026). Despite the equity increase, **gearing remains high** in absolute terms: net debt stood around S\$717M. However, this is typical for the industry – debt directly funds the pledge loans and inventory (which were S\$686M and S\$143M respectively as of Jun-2025). Importantly, **interest coverage is very healthy:** EBIT/interest was ~13× in 1H2025 (57.3M/4.3M). The average borrowing cost is manageable (~3–4% p.a. on bank lines and notes). The **debt-to-equity ratio** is ~1.3×, and we expect it to stay around this level as profit growth and warrant conversions balance loan book expansion. Liquidity-wise, the group had S\$39.1M cash on hand and continues to generate positive operating cash flow. Inventories (gold and jewelry holdings) are highly liquid assets that can be quickly sold if needed to raise cash, providing an extra buffer. Overall, the balance sheet is robust given the nature of the business, and recent actions (warrant conversions, CP issuance) have *diversified funding sources*. We are comforted by management’s prudent capital management – for instance, dividend payouts have been kept moderate to support reinvestment, and debt is scaled in line with pledge receivables growth so that interest expense is covered by interest income from loans.

Dividend Policy: ValueMax has a track record of **consistent dividends**, typically declared as a final dividend each year. In FY2024, it paid a final dividend of 2.68 Singapore cents per share, up from 2.20¢ for FY2023. The introduction of an *interim 1.20¢ dividend* for FY2025 is a positive surprise, indicating confidence in the earnings outlook and commitment to shareholder returns. If we annualize the interim and assume at least the same final as last year, total dividends for FY2025 would be ~3.88¢, or a payout ratio of ~37% of our FY25 earnings estimate. This is in line with ValueMax’s stated policy of paying 30–50% of earnings, balancing growth funding needs. Notably, even after funding a growing loan book, the company can comfortably afford this payout – 1H2025 free cash flow (after loan disbursements and inventory purchase) was slightly positive, and the warrant proceeds further augment distributable reserves. **Dividend yield** at current price is attractive (~4.4% on FY25e), and we believe dividends will continue on an upward trend in absolute terms, though the payout ratio may be kept moderate (~30–40%) to fuel expansion. The Board has expressed it “will continue to strive to maintain or increase annual dividend payouts”, which we interpret as a commitment to grow dividends in tandem with earnings. Investors thus get a combination of growth and yield – a rarity in the small-cap space.

ESG & Strategic Considerations

ValueMax plays a niche role in promoting **financial inclusion** in Singapore. By providing small short-term loans secured by personal valuables, it serves customers (often heartland individuals or small business owners) who may not have ready access to bank credit. This supports community liquidity needs in emergencies, aligning with a social purpose. The company adheres to responsible lending guidelines – for instance, pawn loans in Singapore are regulated with interest rate caps (which ValueMax stays within) and ethical recovery practices. On the **AML/CFT** front, pawnshops face inherent risks (e.g. stolen or laundered assets being pawned), and ValueMax has implemented stringent customer due diligence and transaction monitoring. As a listed entity, it follows SGX's sustainability reporting requirements: notably, its latest Sustainability Report (titled "*Compounding Value*") highlights efforts in ethical business, customer service, and employee development. The group has digitalized certain processes (like an online portal to check loan balances or renew loans), improving transparency and convenience. In terms of environmental impact, one could argue ValueMax contributes to the **circular economy** by recycling pre-owned jewelry and luxury goods, thereby reducing waste. It also deals in gold, a reusable precious metal – facilitating resale extends the lifecycle of these items. While its carbon footprint is modest (mostly retail outlets and office use), the company can explore energy-efficient store operations or responsible sourcing of new jewelry. Governance-wise, the Board comprises a mix of the founding family and independent directors, providing oversight. Related party transactions are minimal and disclosed. Key man risk exists as the founders are deeply involved, but succession planning is in place with the next generation in management. Overall, no major ESG red flags are observed; rather, ValueMax's business model has social merit by offering collateralized credit to the underbanked in a regulated, fair manner. We will watch for any further improvements in ESG disclosures, such as more quantitative targets for energy use or community initiatives, which could enhance its appeal to ESG-minded investors.

Conclusion

ValueMax's 1H FY2025 results affirm our positive view – the company is **compounding value** through consistent growth and prudent management. It has demonstrated an ability to capitalize on industry tailwinds (record gold prices) while remaining resilient against macro challenges. We expect the second half to continue in strength, underpinned by festive gold demand and sustained pawn loan growth. With an expanded store network, ample funding, and strong risk controls, ValueMax is well-positioned to deliver another record year of earnings and reward shareholders accordingly. We reiterate our **BUY** rating with a higher Target Price of **S\$1.05**, representing a **19% upside** from the current price. In our view, the stock's valuation still underestimates ValueMax's **defensive growth and income** characteristics – a rarity that offers both high-growth (35% profit surge) and decent yield (~4%) in today's market. As the group continues to shine amid golden tailwinds, we see further room for its valuation to appreciate toward our base case, with additional upside if it matches peer multiples or if gold's rally persists. **ValueMax is shining bright**, and we believe it remains an attractive addition for investors seeking a blend of stability, growth, and dividend income in the financial sector.

Appendix: Financial Summary

Appendix A: Statement of Income

The Group 6 months ended 30 June			
Note	Unaudited 2025	Unaudited 2024	Variance
	\$'000	\$'000	%
Revenue	268,343	229,760	16.8
Cost of sales	(187,245)	(166,266)	12.6
Gross profit	<u>81,098</u>	<u>63,494</u>	27.7
Other item of income			
Other operating income	4,349	3,657	18.9
Other items of expense			
Marketing and distribution expenses	(1,710)	(1,320)	29.5
Administrative expenses	(25,707)	(20,452)	25.7
Finance costs	(4,274)	(4,266)	0.2
Other operating expenses	(769)	(2,286)	(66.4)
Share of results of associates	4,440	3,529	25.8
Profit before tax	5 57,427	42,356	35.6
Income tax expense	6 (8,654)	(6,418)	34.8
Profit for the period	<u>48,773</u>	<u>35,938</u>	35.7
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	(497)	21	n.m.
Fair value loss on cash flow hedges	(1,017)	(60)	1595.0
Total comprehensive income for the period	<u>47,259</u>	<u>35,899</u>	31.6
Profit for the period attributable to:			
Owners of the Company	48,032	35,438	35.5
Non-controlling interests	741	500	48.2
	<u>48,773</u>	<u>35,938</u>	35.7
Total comprehensive income for the period attributable to:			
Owners of the Company	46,518	35,399	31.4
Non-controlling interests	741	500	48.2
	<u>47,259</u>	<u>35,899</u>	31.6
Earnings per share (cents per share)			
Basic	15 5.39	4.29	25.6
Diluted	15 5.07	3.93	29.0

Readers who wish to review the explanatory Notes corresponding to the numerical annotations in the financial statements may access ValueMax's complete financial reports on its Investor Relations website (<https://www.valuemax.com.sg/corporate/investor-relations/news-announcements/>)

Appendix B: Statement of Financial Position

Note	Group		Company		
	Unaudited 30.06.2025	Audited 31.12.2024	Unaudited 30.06.2025	Audited 31.12.2024	
	\$'000	\$'000	\$'000	\$'000	
Non-current assets					
Property, plant and equipment	10	44,807	40,691	9	12
Intangible assets	11	310	310	–	–
Right-of-use assets		11,237	10,771	14	27
Investments in subsidiaries		–	–	98,377	90,833
Investments in associates		53,108	49,147	1,002	1,002
Other investment		688	688	688	688
Trade and other receivables		262,732	271,141	–	–
		<u>372,882</u>	<u>372,748</u>	<u>100,090</u>	<u>92,562</u>
Current assets					
Inventories		117,282	114,959	–	–
Trade and other receivables		826,047	738,979	382,797	359,627
Prepaid operating expenses		3,544	3,610	46	82
Cash and bank balances	12	46,527	16,805	273	165
		<u>993,400</u>	<u>874,353</u>	<u>383,116</u>	<u>359,874</u>
Total assets		<u>1,366,282</u>	<u>1,247,101</u>	<u>483,206</u>	<u>452,436</u>
Current liabilities					
Trade and other payables		6,105	4,044	11,200	17,350
Other liabilities		9,184	9,335	952	1,517
Interest-bearing loans and borrowings	13	699,373	641,265	127,945	120,634
Lease liabilities		5,402	5,126	15	29
Income tax payable		15,944	14,424	1,756	1,787
		<u>736,008</u>	<u>674,194</u>	<u>141,868</u>	<u>141,317</u>
Net current assets		<u>257,392</u>	<u>200,159</u>	<u>241,248</u>	<u>218,557</u>
Non-current liabilities					
Other payables		103	109	–	–
Provisions		499	499	–	–
Deferred tax liabilities		2,328	2,273	696	648
Interest-bearing loans and borrowings	13	56,684	46,047	–	–
Lease liabilities		6,103	5,898	–	–
Derivative liabilities		1,310	293	–	–
		<u>67,027</u>	<u>55,119</u>	<u>696</u>	<u>648</u>
Total liabilities		<u>803,035</u>	<u>729,313</u>	<u>142,564</u>	<u>141,965</u>
Net assets		<u>563,247</u>	<u>517,788</u>	<u>340,642</u>	<u>310,471</u>
Equity attributable to owners of the Company					
Share capital	14	215,646	191,568	215,646	191,568
Treasury shares	14	(26)	(26)	(26)	(26)
Retained earnings		351,627	328,655	125,022	118,929
Other reserves		(9,635)	(8,137)	–	–
		<u>557,612</u>	<u>512,060</u>	<u>340,642</u>	<u>310,471</u>
Non-controlling interests		5,635	5,728	–	–
Total equity		<u>563,247</u>	<u>517,788</u>	<u>340,642</u>	<u>310,471</u>
Total equity and liabilities		<u>1,366,282</u>	<u>1,247,101</u>	<u>483,206</u>	<u>452,436</u>

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