



# PAPPAJACK BERHAD

THE FIRST AND ONLY PAWNBROKING SERVICE  
PROVIDER LISTED IN MALAYSIA

**CORPORATE PRESENTATION**

May 2022



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**2014**  
Opened 1<sup>st</sup>  
pawnbroking  
outlet



**2**  
Income  
Streams



**76%**  
CAGR of Revenue  
2018-2021

**27**  
Local  
Pawnbroking  
outlets

**91%**  
Pawnbroking  
Gross Profit Mix (2021)

**63%**  
CAGR of PAT  
2018-2021

**7**  
States of  
Market  
Presence

**9%**  
Sale of Unredeemed  
or Bid Pledge  
Gross Profit Mix (2021)

**RM99m**  
Outstanding Pawn Loan  
(inclusive of interests)  
As at 31 December 2021

# Business & Strategies

About Pappajack

How Is The Pawnbroking Process

Business Expansion

Growth Strategies

Competitive Strengths

Financial Overview

Key Takeaways



# About Pappajack

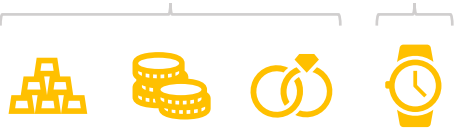
**A Non-bank Financial Institution Providing Pawnbroking Services Across Peninsular Malaysia**

## 100% Pledge-backed

Gold & luxury watches  
with loan margin based  
on market value at<sup>(1)</sup>

≤90%

≤ 80%



## Short-term

Maximum **6 months**  
per pawn ticket<sup>(2)</sup>  
– repawn-able upon expiry

Providing temporary  
**liquidity** access

## Micro-financing

Maximum **RM10,000**  
per pawn ticket  
– multiple tickets issuable

Average ticket amount  
**RM2000-3000**

## Interest rate

**1.30 – 2.00%**  
Monthly fixed rate,  
payable upon pledge  
redemption

Average interest rate  
**1.5%**



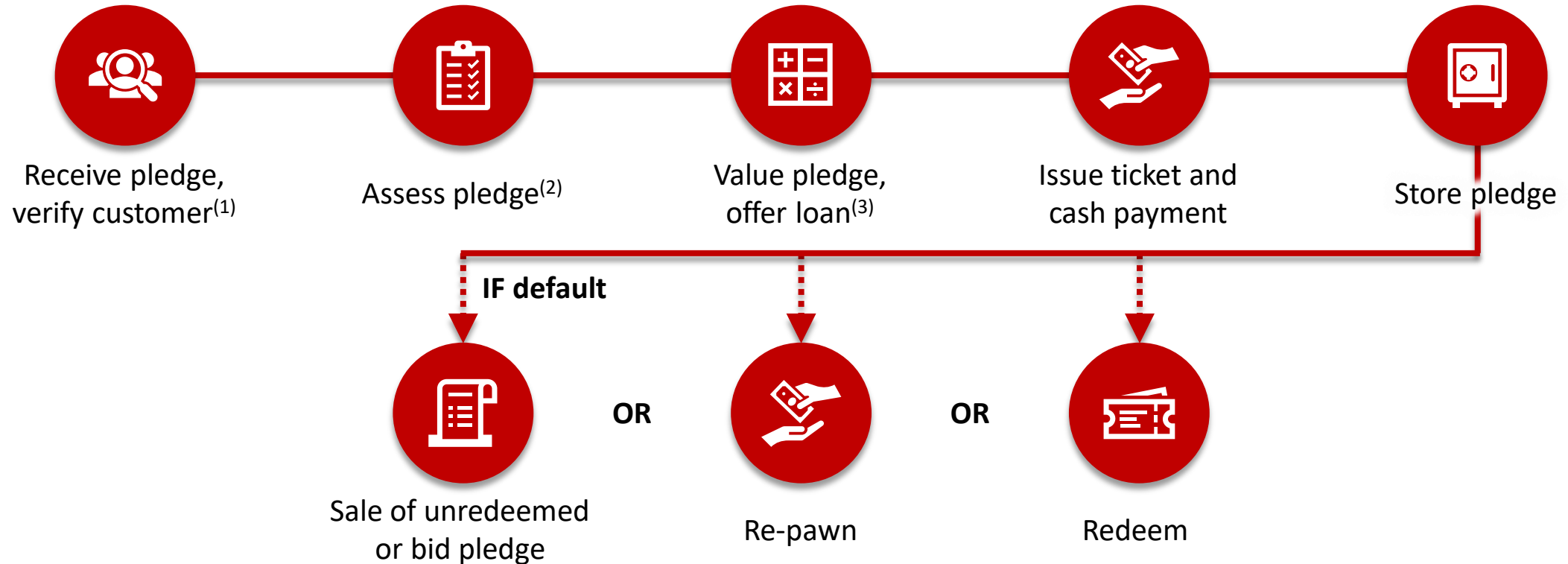
Governed by Ministry of Housing & Local Government / Kementerian Perumahan & Kerajaan Tempatan (KPKT) under Pawnbrokers Act 1972

Each pawnbroking outlet is held and operated by a subsidiary; each subsidiary is individually licensed

Minimum paid-up capital requirement of RM4 million for each pawnbroking outlet as working capital and operating costs

- 1) Market value is computed based on spot prices published by independent third-party gold trading platform and an online luxury watch trading platform respectively
- 2) Pawn ticket is receipt issued to pawner as proof of pawn transaction

# How Is The Pawnbroking Process

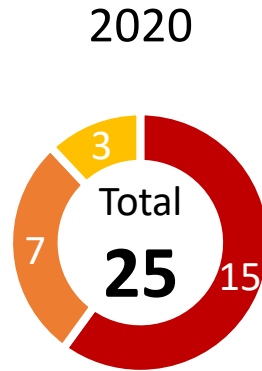
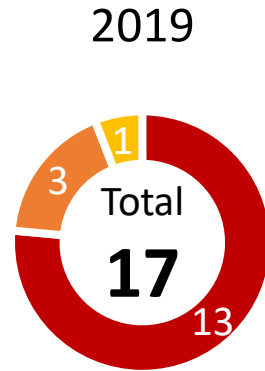
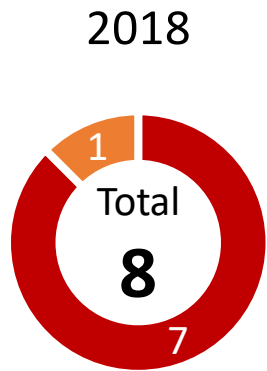


- 1) Measures to prevent unlawful and suspicious dealings: (i) ensuring that pledges received are directly from the rightful owners; (ii) verifying the identity of customers before pawn transactions; (iii) recording the identification details of customers and pledge assessment. In the past 3 financial year ended 31 December 2018 to 31 December 2020 and up to 14 February 2022, we have not encountered any incidence of suspicious transactions which require us to report to the police
- 2) Gold – visual test, acid tests, magnet test, density test; luxury watches – preliminary check, physical check, movement check
- 3) Loan margin at 80-90% of market value for a pledge grants a safety buffer for capital recovery and risk control

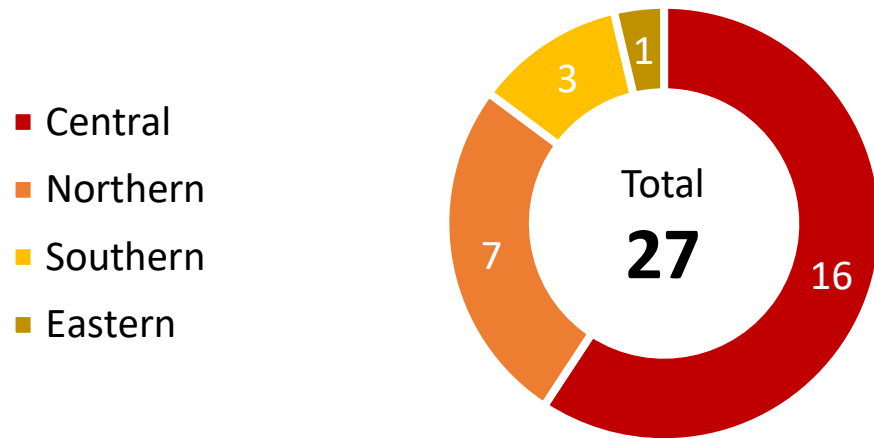


# Business Expansion

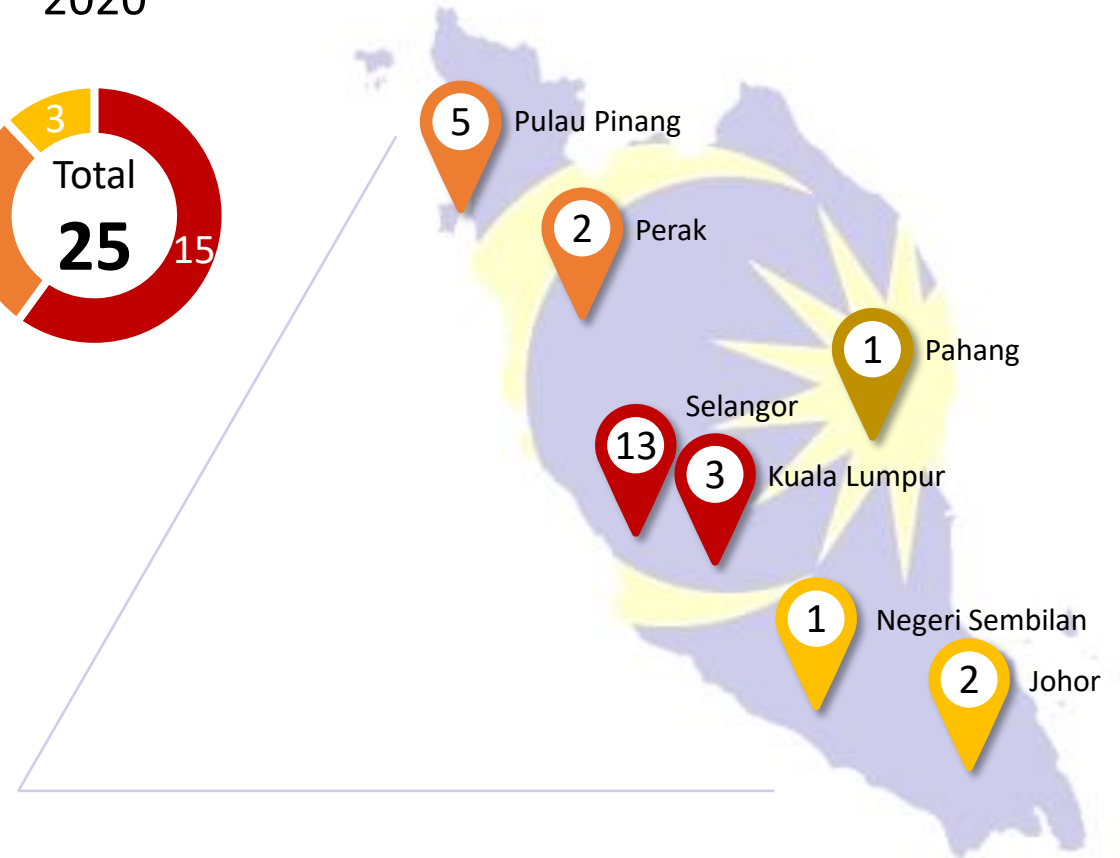
No. of Outlets By Regions and States



As of 1 Apr 2022



- Central
- Northern
- Southern
- Eastern



# Growth Strategies

In fast growing mode and ready to steer business further

Average breakeven for new outlet is  
**≈ 2 years**

8 outlets commenced in 2020 are expected  
 to turn **profit in 2022**



Cash Capital (As of 31 December 2021)	IPO Proceeds <sup>(1)</sup>	Available Capital
RM116m	≈ RM46m	≈ RM162m (+40%)

Exploring several sources of funding including bank borrowing, sukuk



New Licence Holding Company	State	Estimated Commencement upon Listing <sup>(3)</sup>
PPJ Sukses	Pulau Pinang	Up to 3 months
PPJ Maju	Selangor	Up to 6 months
PPJ Mandiri	Kuala Lumpur	Up to 6 months

To set up and/or acquire more outlets by assessing and identifying the geographical locations



Business & Strategies

# Competitive Strengths

Serve Financially Unserved or Underserved Markets

Offer Fully Collateralised Loans

Provide Quick Access To Pledge-backed Short-term  
Micro-loans

Skilled and Knowledgeable Outlet Personnel

Experienced Key Management Team

A Network of Strategically Located Pawnbroking Outlets

Financial Overview

Key Takeaways



# Competitive Strengths



## Serve Financially Unserved or Underserved Markets

- Complement conventional financial institutions which involve more stringent loan requirements on income levels and credit score ratings as well as lengthy application process
- Alternative financial solutions and temporary financial needs

1



## Offer Fully Collateralised Loans

- Default rate at 9-16% (FY18-FY21, lowest during FY20). Nonetheless, the principal and interest of a loan can be recovered through the sales of unredeemed or bid pledge that hold an intrinsic value to manage the risk and safeguard the capital

2



## Provide Quick Access To Pledge-backed Short-term Micro-loans

- Within 1 hour for each customer – after identity verification and pledge assessment processes in accordance with a strict set of standard operating procedures and policies to ensure compliance with AMLA, pawn loans can be disbursed on an immediate basis

3

# Competitive Strengths



## Skilled and Knowledgeable Outlet Personnel

- Prioritise development of necessary technical skills and knowledge as well as managerial skills to serve customers efficiently and build our team of outlet personnel
- Require new personnel to undergo our internal training programme

4



## Experienced Key Management Team

- Strong commitment with active and hands-on involvement in spearheading their respective departments to support growth as we continue to expand our business  
→ transference of skills and knowledge to employees at all levels in our organisational structure

5



## A Network of Strategically Located Pawnbroking Outlets

- Located at convenient locations for customers, in close proximity to residential housing areas or commercial areas, with easy access to public transportation
- Leverage on and capture high footfall and vehicle traffic to increase market visibility and attract new customers

6



Business & Strategies  
Competitive Strengths

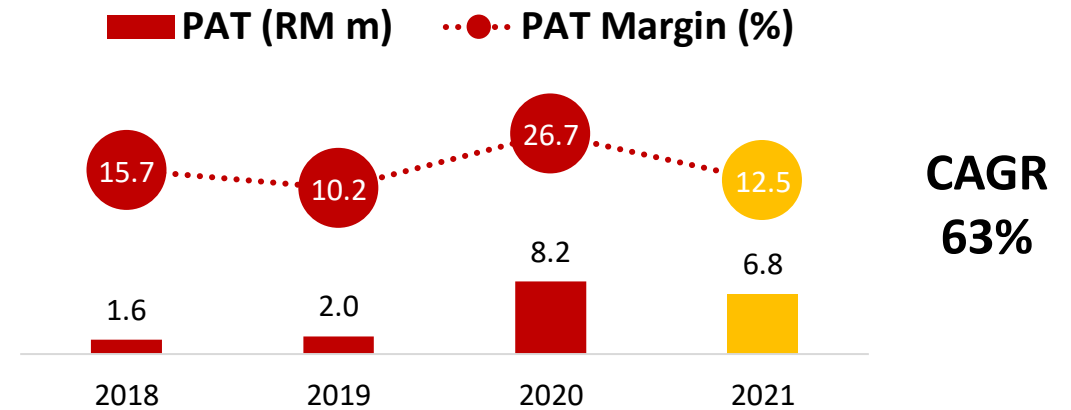
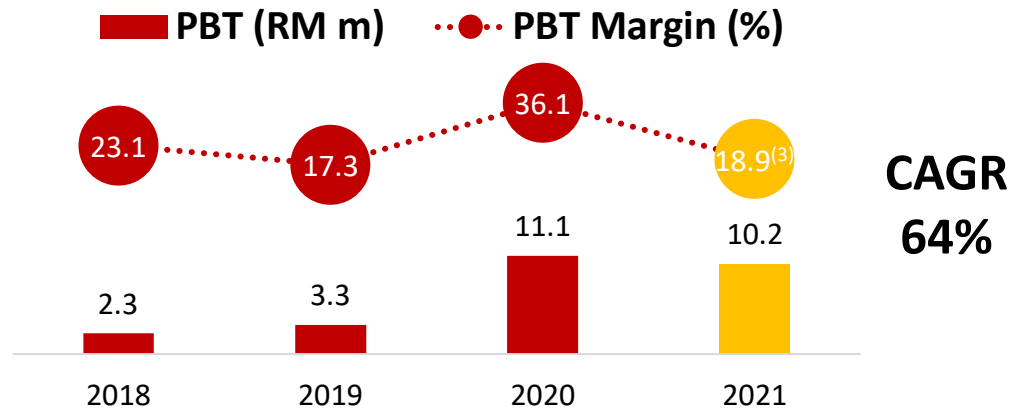
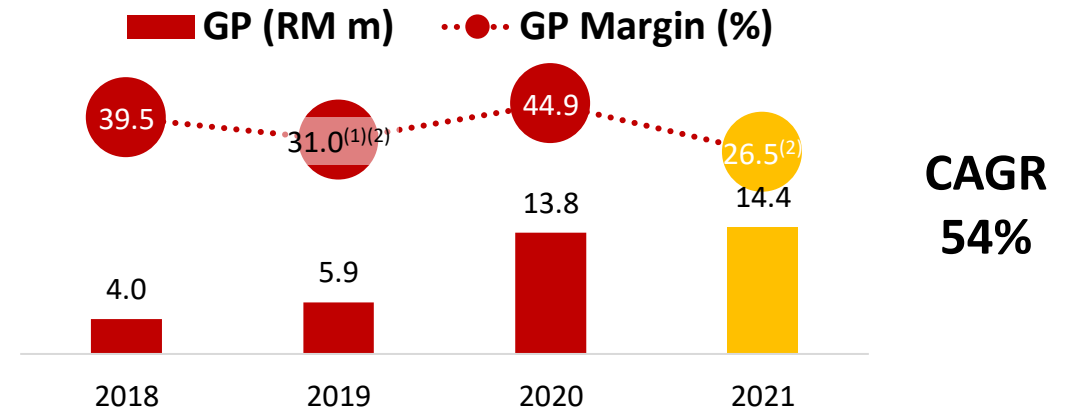
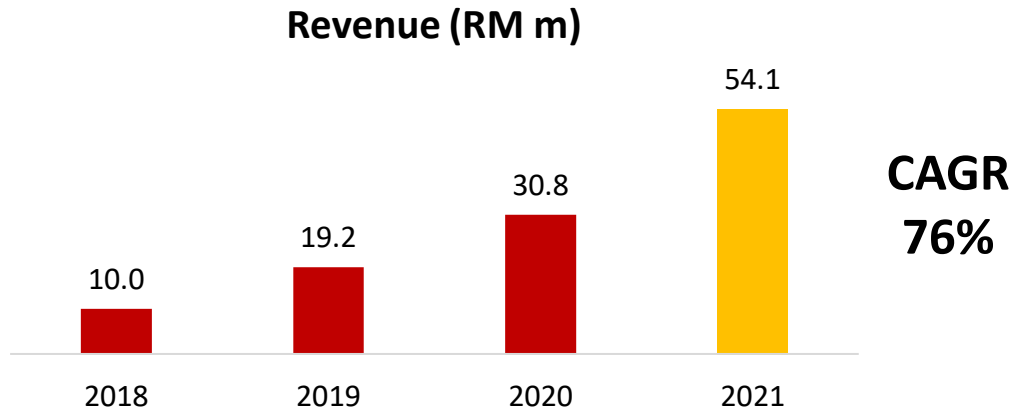
# Financial Highlights

Healthy Earnings Track  
Solid Financial Strength

Key Takeaways



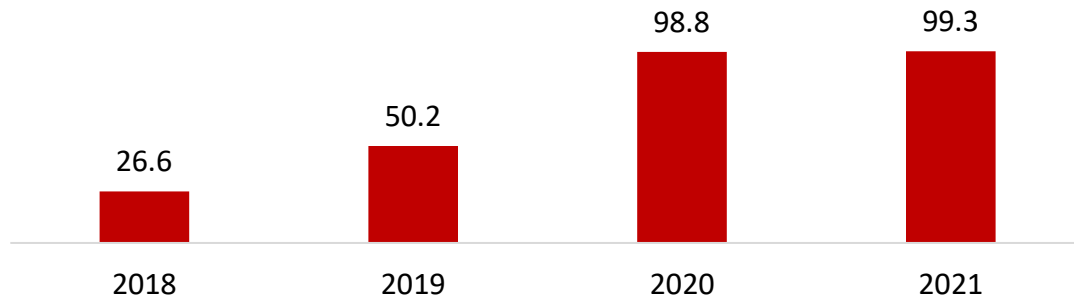
# Healthy Earnings Track



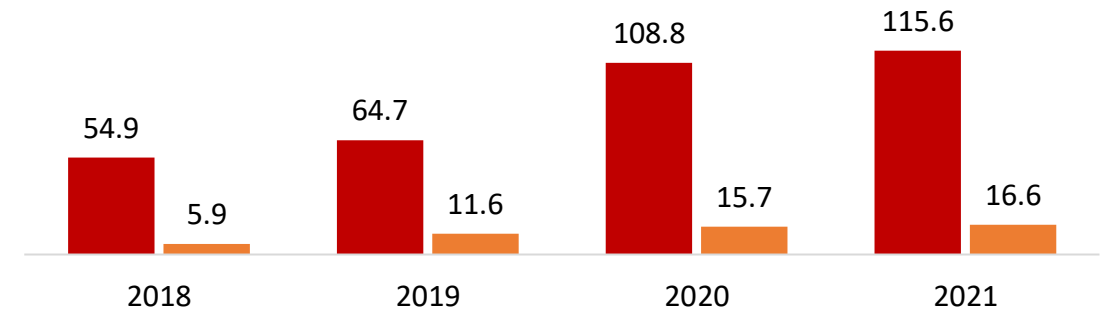
- 1) Lower margin mainly attributable to the initial operating costs incurred and gestation period for 9 new outlets
- 2) Lower margin mainly attributable to lower gold prices at the point of cash recovery for the sale of unredeemed or bid pledges
- 3) Included one-off listing expenses of RM0.37 million

# Solid Financial Strength

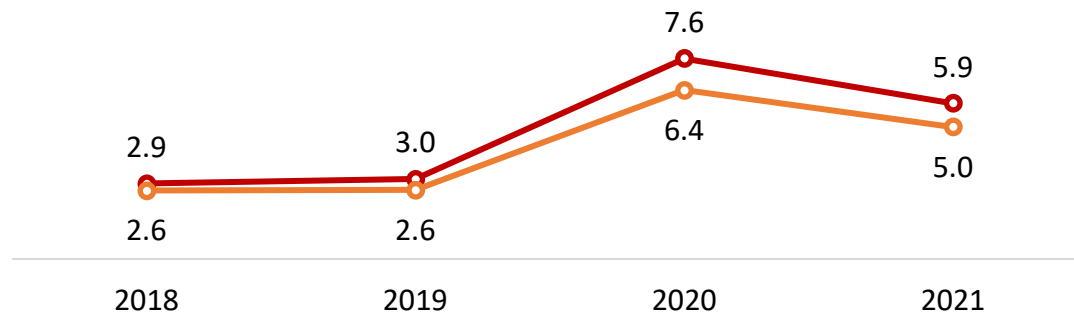
■ Outstanding Pawnloan including interest / Total Receivables (RM m)



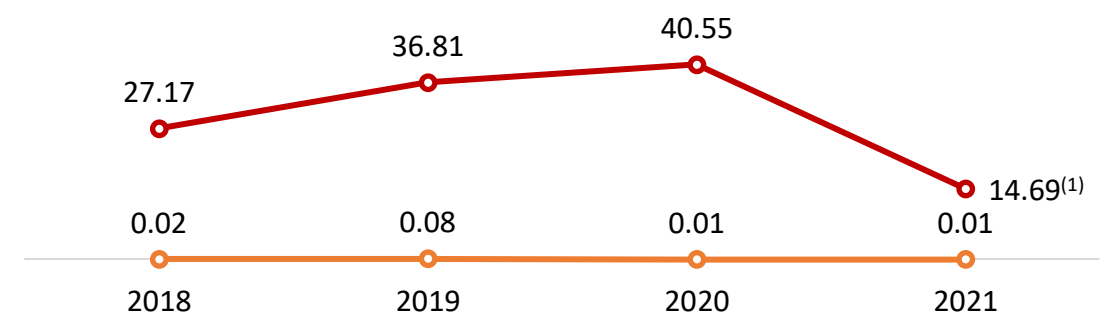
■ Net Asset (RM m) ■ Cash (RM m)



○ ROE (%) ○ ROA(%)



○ Current Ratio (x) ○ Gearing Ratio (x)



1) Internally generated funds are used to fund all operating costs and expenses and the issuance of new pawn loans pre-IPO. Capital injections from shareholders and shareholders' advances are used to fund the issuance of new pawn loans and the paid-up capital required for each new outlet. As at FYE2021, the outstanding shareholders' advances amounted to RM12 million

Business & Strategies  
Competitive Strengths  
Financial Overview

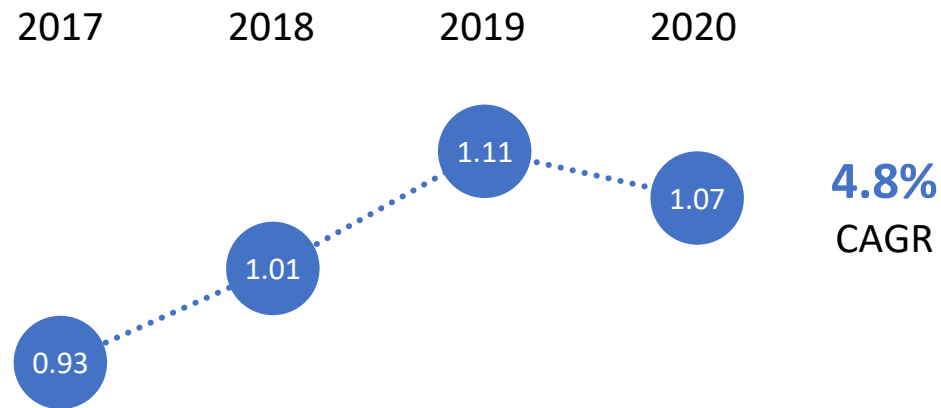
## **Key Takeaways**



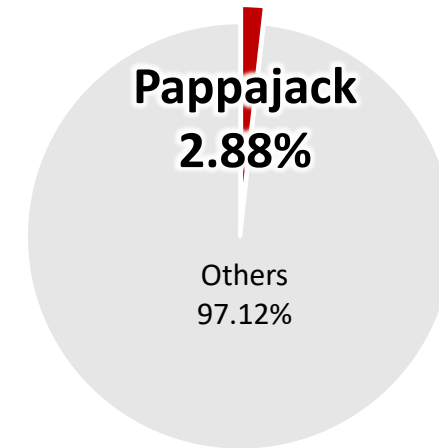


# Pawnbroking Prospects

Revenue of licensed pawnbroking industry players  
In Malaysia (RM b)



Market share  
in Malaysia, 2020



Pawnbrokers play a vital role in providing short-term micro-loans to individuals who may be financially underserved. As such, pawnbroking services complement the role of conventional financial institutions in the provision of loans to individual consumers.

Sources: Pappajack Group, SMITH ZANDER analysis



**Thank You**

## **Pappajack Berhad**

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