



# **PAX Global Technology Limited (327.HK)**

2021 annual results

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# Agenda

- ❖ **FY 2021**
  - 5 key achievements
  - Financial results
  
- ❖ **Strategic analysis**
  - Android smart terminals
  
- ❖ **FY 2022**
  - Financial targets



# 5 PAX achievements in 2021



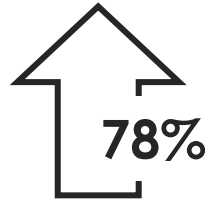
## Record financial numbers

- Revenue :  
HK\$ 7,196 million  
**(+27%)**
- Profit for the year :  
HK\$ 1,092 million  
**(+21%)**



## Superior supply chain

- Annual global shipment :  
**> 12 million units**



## Surging Android demand

- Sales of Android smart terminals :  
HK\$ 3,230 million  
**(+78%)**
- Shipment of Android smart terminals :  
**> 3 million units**



## Achieved financial targets

- Revenue :  
Actual: +27.3%  
(Target: +25%)
- Gross profit margin :  
Actual: 39.3%  
(Target: 38-40%)
- Operating profit margin :  
Actual: 17.8%  
(Target: 17-19%)



## Ongoing corporate action

- Proposed final dividend :  
15 HK cents  
**(+50%)**
- Share buybacks :  
11 times

# Profit for the year surpassed HK\$1 billion, +21% Year on Year

**+27.3%**

**Revenue**  
HK\$ 7,196 million

**+21.0%**

**Gross profit**  
HK\$ 2,827 million

**Gross profit margin**  
39.3%

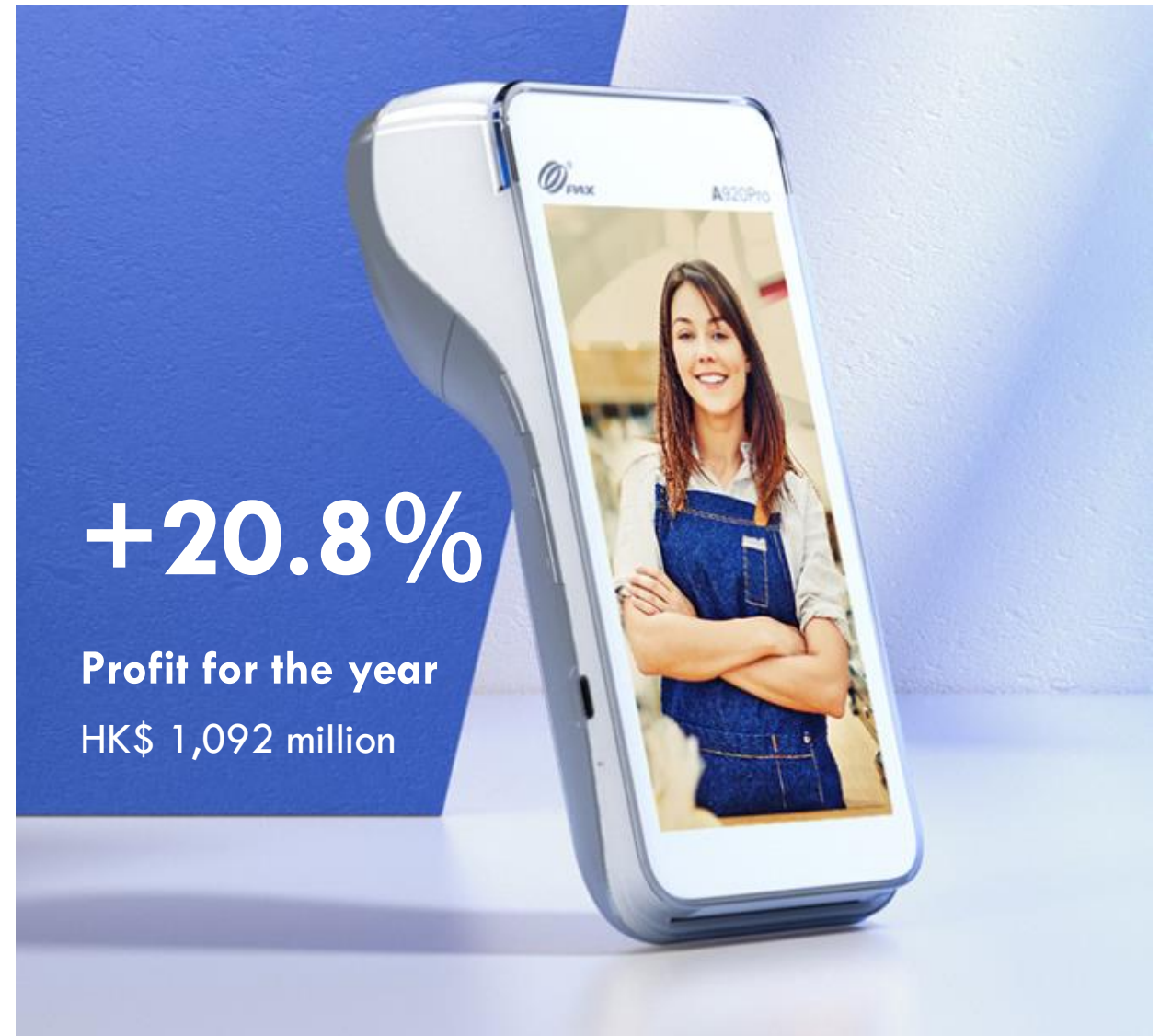
**+19.8%**

**Operating profit**  
HK\$ 1,278 million

**Operating profit margin**  
17.8%

**+20.8%**

**Profit for the year**  
HK\$ 1,092 million



# PAX continued emphasis on shareholder value

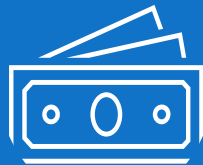
## - proposed final dividend up 50% -



### Share buybacks

**11 times**

- Repurchased 13 million shares
- Total value HK\$ 87 million

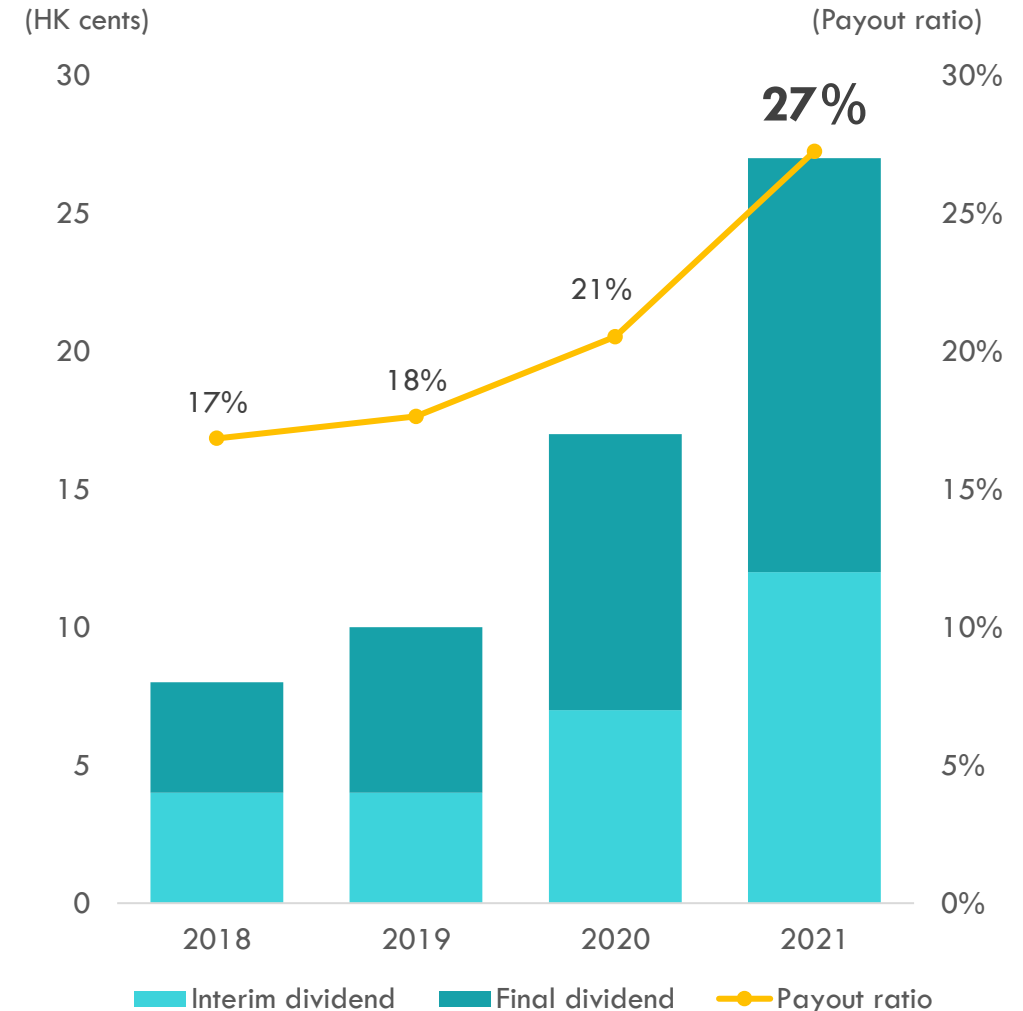


### Final dividend (proposed)

**+50%**

**15 HK cents** per share

Payout ratio: **27%**  
(FY2020: 21%)



# Operating expenses analysis

	Year ended 31 December		+/-
	2021	2020	
	HK\$ '000	HK\$ '000	
Selling expenses	716,234	499,321	+ 43.4%
Administrative expenses	958,185	781,456	+ 22.6%

## Selling expenses

- Breakthroughs in various regions led to proportionately higher sales commissions & employee bonuses

## Administrative expenses

- Increased staff costs
- One-off consulting fees (approx. HK\$ 20 million) - including cybersecurity, legal, PR firms

# Working capital analysis

As at 31 December

	2021	2020	+/-
	HK\$ '000	HK\$ '000	
Inventories	2,071,285	1,629,901	+ 27.1%
Trade and bills receivables	2,081,977	1,434,253	+ 45.2%
Trade payables	1,668,823	1,371,267	+ 21.7%
Cash and cash equivalents <sup>1</sup>	3,532,954	3,802,741	- 7.1%

## Turnover days

Inventory	175	183	- 8
Trade and bills receivables	96	102	- 6
Trade payables	127	152	- 25
Cash conversion	144	133	+ 11

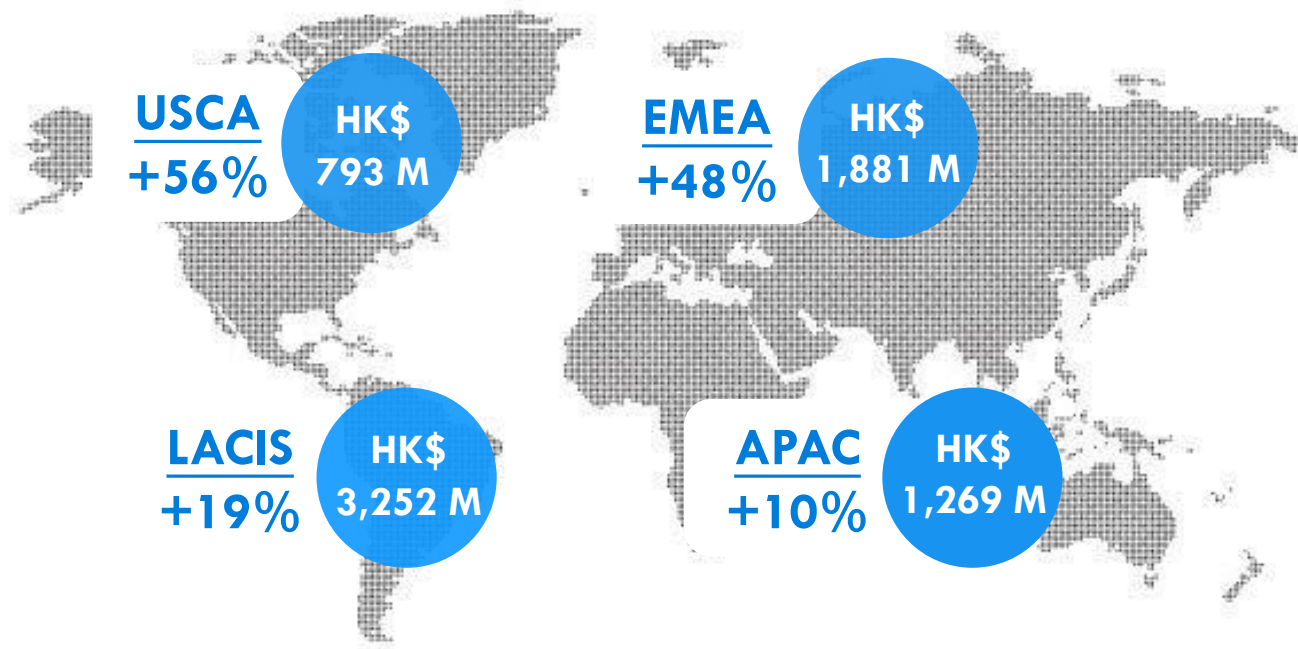
### Note 1 – FY 2021 material cash flow analysis

- Positive net cash generated from operating activities (approx. HK\$ 350 million)
- Investing activities: expenditures on projects under construction in Shenzhen and Huizhou (approx. HK\$ 320 million)
- Financing activities: expenditures on paid dividends and share repurchases (approx. HK\$ 440 million)



# International sales achieved strong growth

## - EMEA & USCA regions top performers -



LACIS - Latin America and the Commonwealth of Independent States

EMEA - Europe, the Middle East and Africa

APAC - Asia Pacific

USCA - United States and Canada

## EMEA

### Europe

- Growing popularity of PAX Android terminals & PAXSTORE in the UK, Italy, Germany, Poland, France, Greece
- Breakthroughs in niche sectors such as unattended self-service, multilane retail and transportation

### The Middle East & Africa

- Large volume sales to Saudi Arabia, Egypt, Nigeria
- Growing market share in the GCC markets (Gulf Cooperation Council)

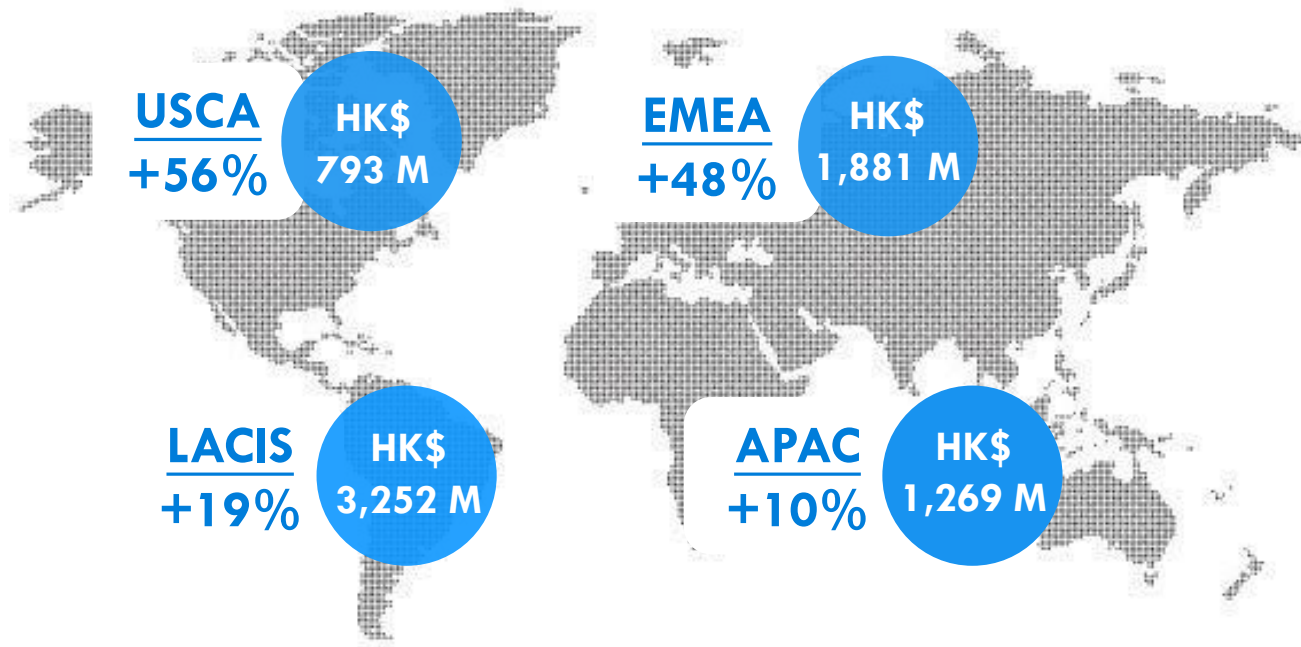
## USCA

### The United States

- Android products sales grew over 80%
- Demand for PAX products continued to grow, as
  - adoption of contactless payments by merchants accelerated during the pandemic;
  - the value of Android payment terminals & the PAXSTORE platform are increasingly understood by industry stakeholders

# International sales achieved strong growth

## - Brazil & Asia Pacific growth engines for PAX -



LACIS - Latin America and the Commonwealth of Independent States

EMEA - Europe, the Middle East and Africa

APAC - Asia Pacific

USCA - United States and Canada

## LACIS

### Brazil

- PAX maintains its market-leading position
- Launched the M30 - the world's first Android PayPhone

### Argentina, Mexico, Chile

- Achieved significant sales
- Acquirers deploying more PAX solutions to their merchants

## APAC

### India

- High demand for PAX products by acquiring banks & payment service providers, encouraged by Central Bank of India's digital payment initiatives

### Thailand, Malaysia, South Korea

- Achieved decent growth

**Android smart terminal combined with the PAXSTORE platform is the core of PAX's present & future development strategy**

# PAXSTORE

Your Own Independent Appstore Marketplace



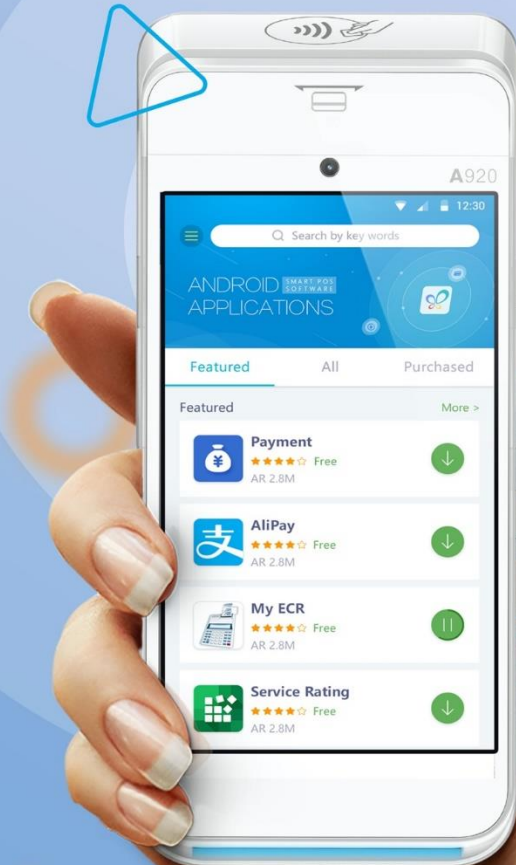
Application Management



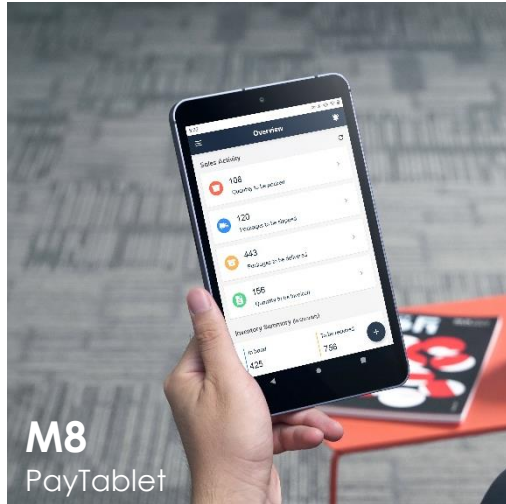
Terminal Management



Value Added Services



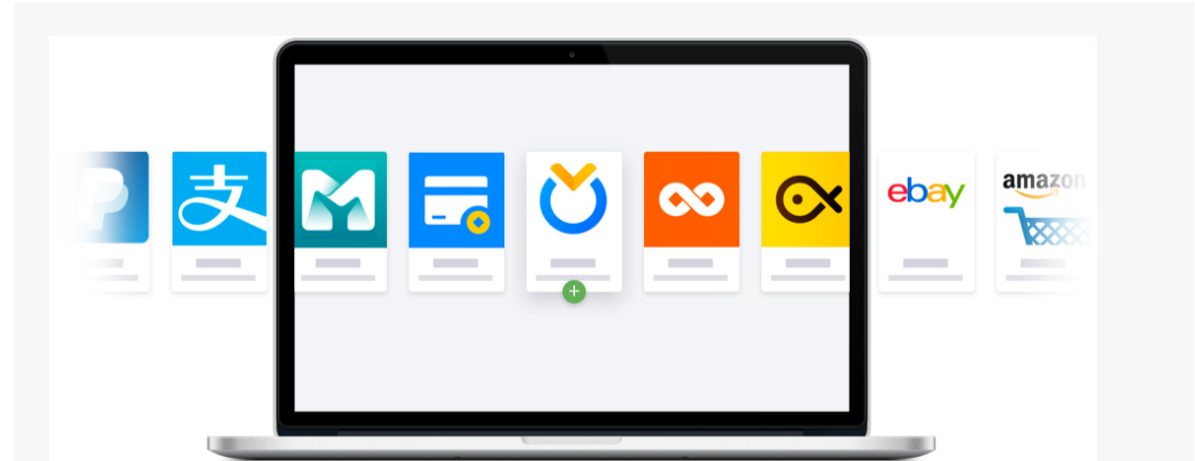
# Android smart terminals are merchants preferred interface for accessing SaaS



**M8**  
PayTablet



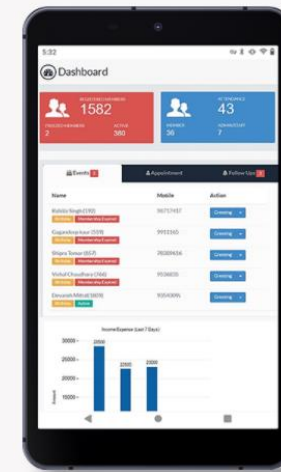
**SK300**  
SmartKiosk



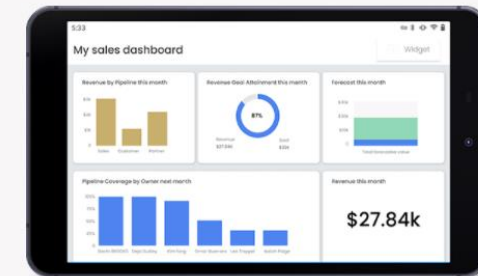
**A77**  
Smart MiniPOS



**A920Pro**  
Smart Mobile POS



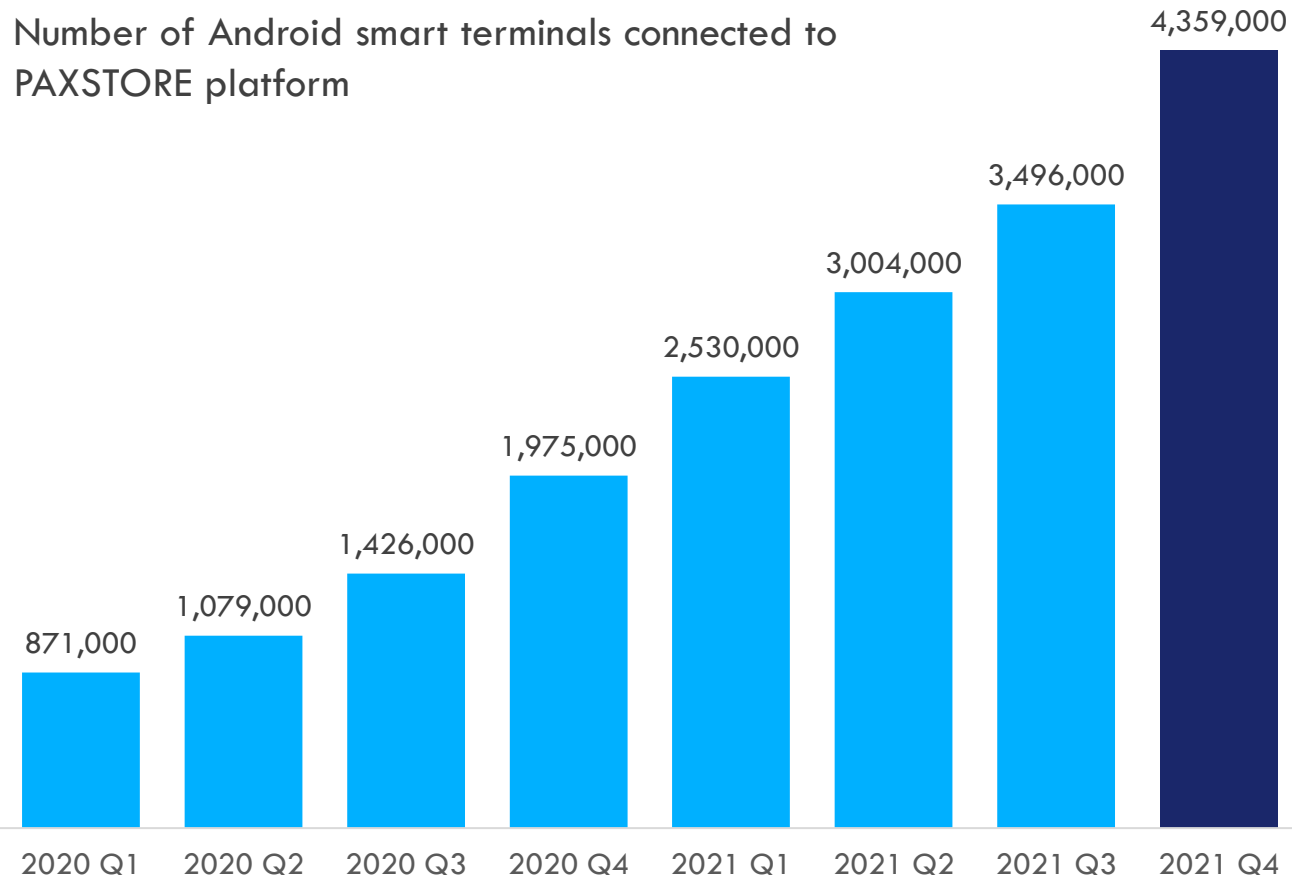
Reaching More Customers



Business Optimization

# PAX is considered the payment industry's leading R&D organization for Android smart terminals

Number of Android smart terminals connected to PAXSTORE platform



## SaaS solutions revenue

HK\$ **42** million

**(+193%)**

## Android smart terminals revenue

HK\$ **3,230** million

**(+78%)**

# PAX continues to enhance industry security standards



Investing more dedicated research & development resources for payment terminal certifications



PAXSTORE is one of the few payment device management platforms to have successfully obtained payment card industry data security standard (PCI-DSS) certification



Product & Services directors have been appointed across global regions to better coordinate with industry stakeholders on data security & product roadmap requirements



Regular cooperation with reputable cybersecurity firms to conduct product penetration & software testing

# FY 2022 target revenue set at 15% growth

## FY 2022 targets

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<b>Revenue:</b>	<b>+15%</b>
<b>Gross profit margin:</b>	<b>38% to 40%</b>
<b>Operating profit margin:</b>	<b>17% to 19%</b>

# Investor relations contacts

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Mina Pang - Investor Relations Manager

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Tel: +852 2500 8510



# Appendix: financial summary

## Condensed consolidated income statement

	Year ended 31 December	
	2021	2020
	HK\$' 000	HK\$' 000
<b>Revenue</b>	<b>7,195,982</b>	<b>5,650,619</b>
Cost of sales	(4,368,785)	(3,313,310)
<b>Gross profit</b>	<b>2,827,197</b>	<b>2,337,309</b>
Other income	96,315	77,838
Other gains/(losses), net	50,459	(2,115)
Selling expenses	(716,234)	(499,321)
Administrative expenses	(958,185)	(781,456)
<i>Research and development costs (included in administrative expenses)</i>	<i>(512,119)</i>	<i>(460,772)</i>
Net impairment losses on financial assets	(21,580)	(65,083)
<b>Operating profit</b>	<b>1,277,972</b>	<b>1,067,172</b>
Finance costs	(6,979)	(8,285)
Share of results of investments accounted for using the equity method	3,454	(6,046)
<b>Profit before income tax</b>	<b>1,274,447</b>	<b>1,052,841</b>
Income tax expense	(182,205)	(148,991)
<b>Profit for the year</b>	<b>1,092,242</b>	<b>903,850</b>
<b>Profit attributable to:</b>		
Owners of the Company	1,083,774	900,123
Non-controlling interests	8,468	3,727
<b>Earnings per share for the profit attributable to the owners of the Company:</b>	<b>HK\$ per share</b>	<b>HK\$ per share</b>
- Basic	0.989	0.828
- Diluted	0.957	0.823
<b>Financial ratios</b>		
Gross profit margin	39.3%	41.4%
Operating profit margin	17.8%	18.9%
Net profit margin	15.2%	16.0%

# Appendix: condensed consolidated balance sheet

	As at 31 December	
	2021	2020
	HK\$' 000	HK\$' 000
<b>Total non-current assets</b>	<b>1,031,172</b>	<b>681,943</b>
Property, plant and equipment	485,527	129,240
Right-of-use assets	282,477	291,137
Others	263,168	261,566
<b>Total current assets</b>	<b>7,790,106</b>	<b>6,955,116</b>
Cash and cash equivalents	3,532,954	3,802,741
Trade and bills receivables	2,081,977	1,434,253
Inventories	2,071,285	1,629,901
Others	103,890	88,221
<b>Total non-current liabilities</b>	<b>101,179</b>	<b>109,168</b>
<b>Total current liabilities</b>	<b>2,263,543</b>	<b>1,954,319</b>
Trade payables	1,668,823	1,371,267
Others	594,720	583,052
<b>Total equity</b>	<b>6,456,556</b>	<b>5,573,572</b>

# Appendix: working capital

As at 31 December

	2021	2020	+/-
	HK\$ '000	HK\$ '000	
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