



PAX Global Technology Limited (327.HK)

2022 interim results





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Agenda

01 >

Results snapshot

02 >

Android smart terminals & MAXSTORE platform

03 >

Financial targets



Interim net profit increased significantly by 36%

+26%

Revenue
HK\$ 4,182 M

+26%

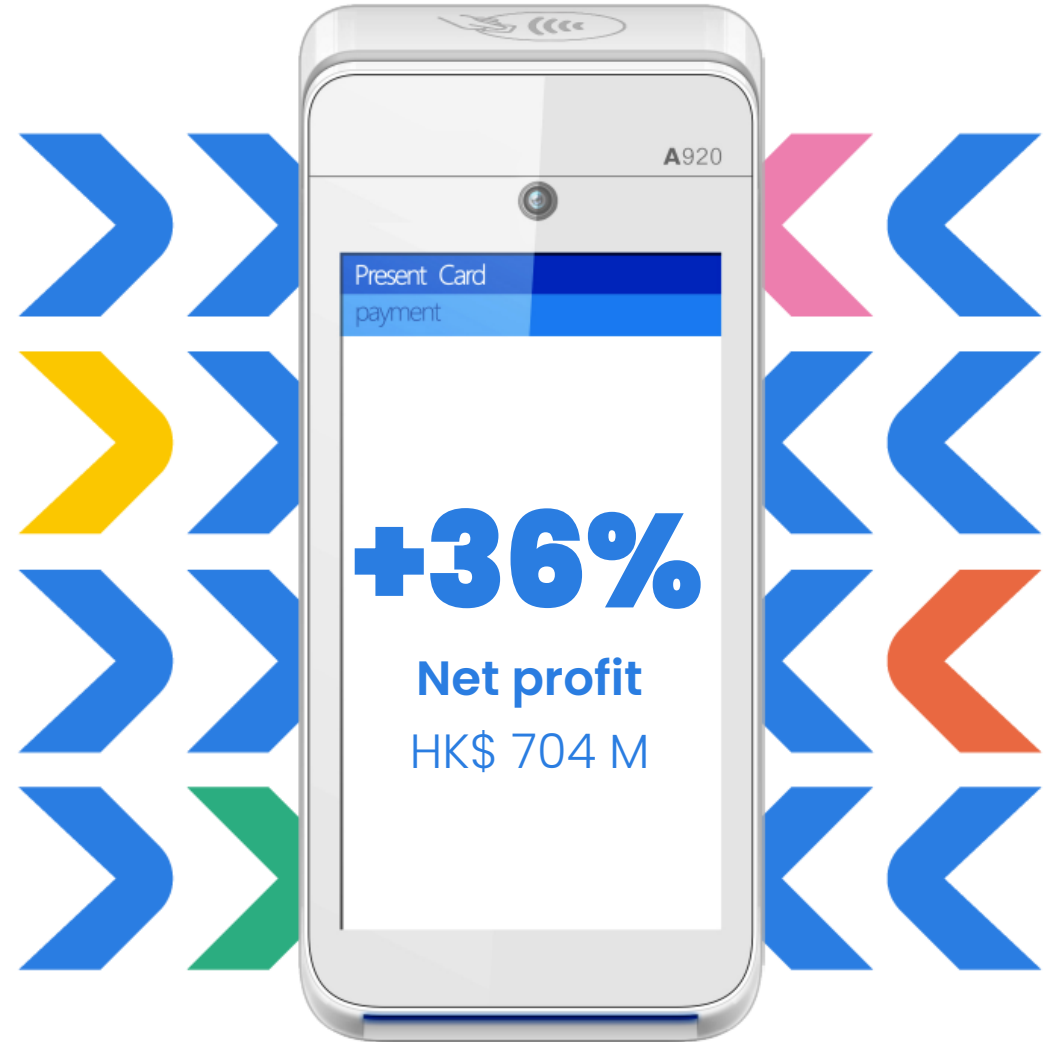
Gross profit
HK\$ 1,671 M

+32%

Operating profit
HK\$ 781 M

Gross profit margin
40.0%

Operating profit margin
18.7%





PAX continues the emphasis on shareholder value

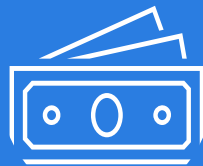
- interim dividend up 42% -



Share buybacks
(2022 H1)

9 times

- Repurchased 11 M shares
- Total value HK\$ 69 M

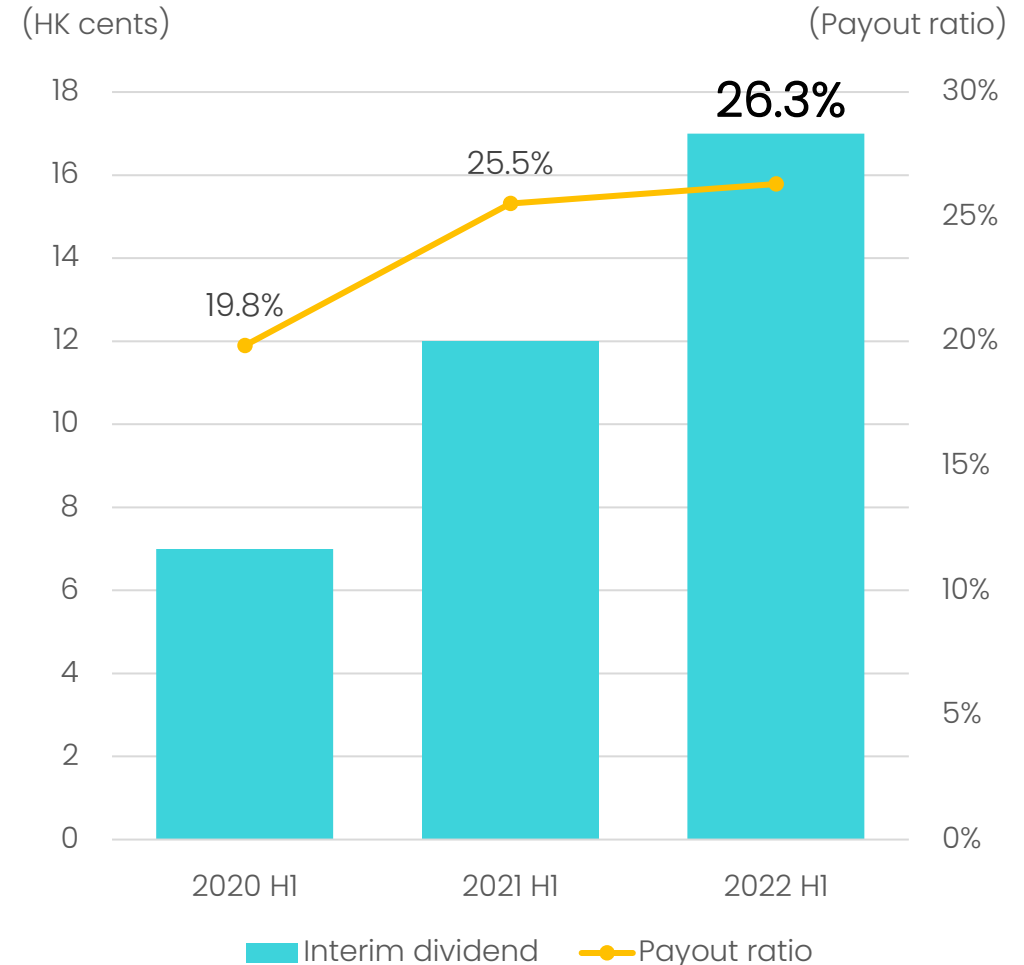


Interim dividend

+42%

17 HK cents
per share

Payout ratio: **26.3%**
(2021 H1: 25.5%)





PAX strategically manages the working capital

| | At 30 Jun 2022 | At 31 Dec 2021 | At 30 Jun 2021 |
|-----------------------------|----------------|----------------|----------------|
| | HK\$ '000 | HK\$ '000 | HK\$ '000 |
| Inventories | 2,323,030 | 2,071,285 | 1,683,634 |
| Trade and bills receivables | 2,683,564 | 2,081,977 | 1,849,588 |
| Trade payables | 1,926,473 | 1,668,823 | 1,154,258 |
| Cash and cash equivalents | 2,980,731 | 3,532,954 | 3,344,135 |

Turnover days

| | | | |
|-----------------------------|-----|-----|-----|
| Inventories | 168 | 175 | 161 |
| Trade and bills receivables | 109 | 96 | 110 |
| Trade payables | 115 | 127 | 120 |
| Cash conversion | 162 | 144 | 151 |

Key cash outflow items for the period

- Dividends and share repurchases (HK\$ 231 M)
- Projects under construction in Shenzhen and Huizhou (HK\$ 172 M)



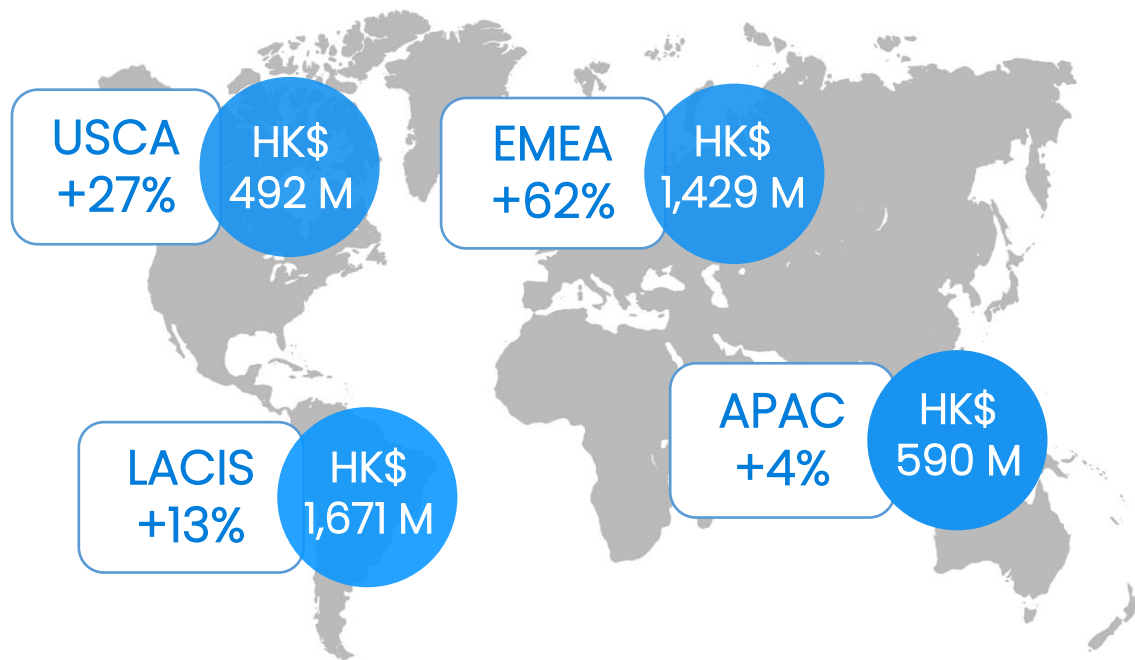
PAX invests in enhancing the supply chain competitiveness

| Projects under construction | CAPEX incurred | | Contracted but not recognised as at 30 Jun 2022 | Expected completion (the earliest) |
|---|----------------|----------------|---|--|
| | before 2022 | during H1 2022 | | |
| | HK\$ '000 | HK\$ '000 | HK\$ '000 | |
| PAX Smart Terminals Industrial Park (Huizhou) | 252,537 | 137,090 | 180,433 | 2023 Q4 |
| PRC headquarters (Shenzhen) | 152,861 | 35,290 | 46,744 | 2023 Q4 |
| Total | 405,398 | 172,380 | 227,177 | |



PAX achieved remarkable growth across the globe

- Impressive performance in EMEA & USCA -



LACIS - Latin America and the Commonwealth of Independent States

EMEA - Europe, the Middle East and Africa

APAC - Asia Pacific Region

USCA - United States of America and Canada

> EMEA

Europe

- Achieved strong growth momentum in Italy, the United Kingdom, Germany, and Poland
- Made breakthroughs in niche sectors such as unattended self-service, multilane retail, and transportation

The Middle East & Africa

- Experienced an upgrade cycle of legacy payment terminals to PAX Android solutions driven by Saudi Arabia's financial development plan
- Maintained our leading market position in Nigeria

> USCA

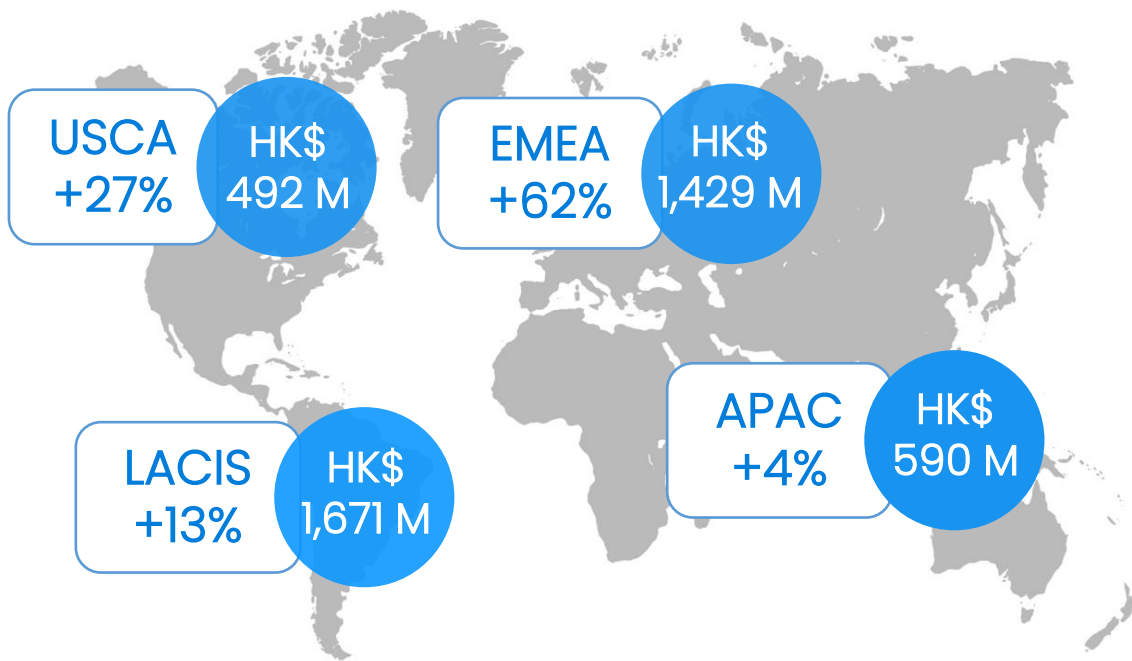
The United States of America

- Partnered with one of the largest local banks to launch PAX Android products across its nationwide merchant network
- Strengthened relationships with our large network of ISOs to drive Android smart payment terminal deployment



PAX achieved remarkable growth across the globe

- Making good strides in LACIS & APAC-



LACIS - Latin America and the Commonwealth of Independent States

EMEA - Europe, the Middle East and Africa

APAC - Asia Pacific Region

USCA - United States of America and Canada

> LACIS

Brazil

- Maintained our strong market-leading position
- Achieved growing sales of Android smart series

Mexico, Chile

- Seized more opportunities for Android payment products emerged in niche sectors

> APAC

India

- Experienced huge opportunities driven by the flourishing electronic payments

Japan

- Partnered with a leading local PSP and rolled out A920 Android solution to merchants

Australia, Indonesia, Thailand

- Observed more and more interest in PAX solutions and strengthen the partnerships with acquiring banks and PSPs



Android POS is the major driving force for PAX

+78%

Android POS sales
HK\$ 2,277 M

>50%

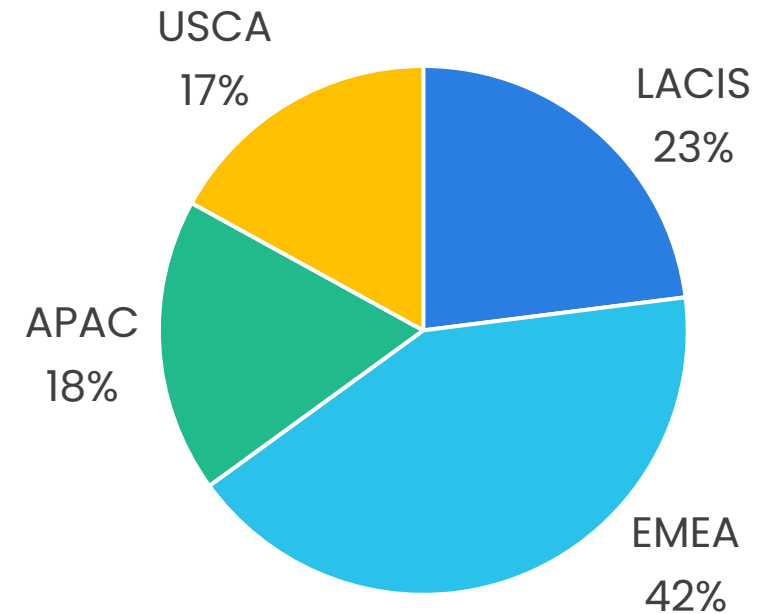
Revenue contribution
(Group)

32%

Sales CAGR
(2019 H1 to 2022 H1*)

* six periods over three years

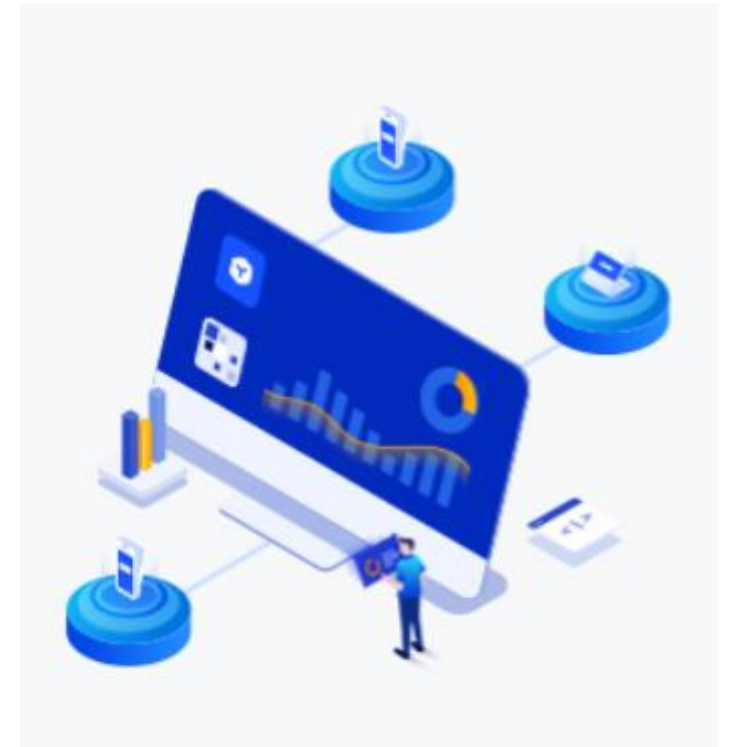
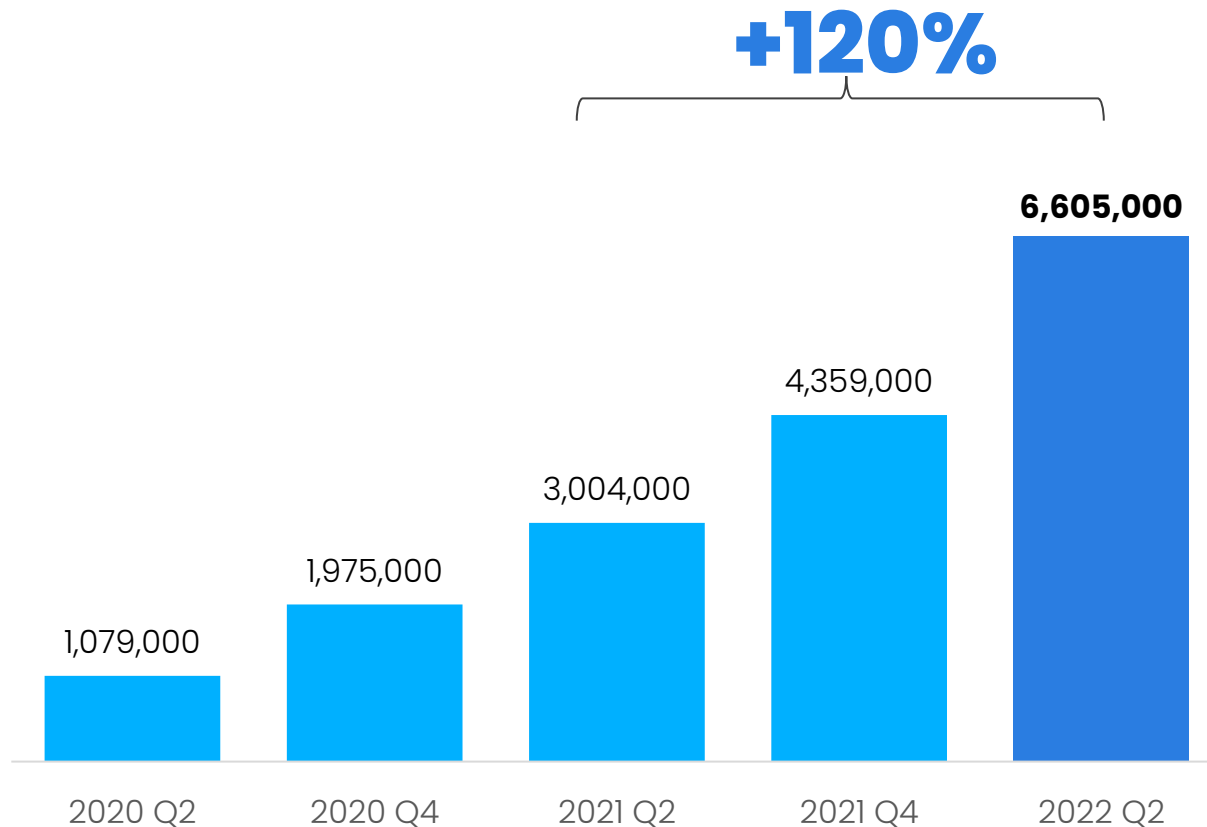
Sales proportion by regions





PAX SaaS ecosystem is expanding

Terminals connected to MAXSTORE* platform (unit)



+23%

SaaS solutions revenue
HK\$ 25 M

*Previously named as PAXSTORE



FY 2022 revenue target is at least 15% growth

Revenue

> **+15%**

Gross profit margin

> **38% – 40%**

Operating profit margin

> **17% – 19%**

Investor relations contacts

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Interim condensed consolidated income statement

| | Six months ended 30 June | |
|---|--------------------------|-----------------------|
| | 2022 | 2021 |
| | HK\$' 000 | HK\$' 000 |
| Revenue | 4,182,493 | 3,318,671 |
| Cost of sales | (2,511,207) | (1,991,506) |
| Gross profit | 1,671,286 | 1,327,165 |
| Other income | 31,357 | 60,218 |
| Other (losses)/ gains, net | (1,252) | 18,656 |
| Selling expenses | (381,423) | (333,734) |
| Administrative expenses | (541,281) | (443,710) |
| <i>Research and development costs (included in administrative expenses)</i> | <i>(266,985)</i> | <i>(231,521)</i> |
| Net reversal of impairment losses/ (impairment losses) on financial assets | 2,409 | (35,691) |
| Operating profit | 781,096 | 592,904 |
| Finance costs | (3,112) | (3,528) |
| Share of results of investments accounted for using the equity method | 2,227 | 908 |
| Profit before income tax | 780,211 | 590,284 |
| Income tax expense | (76,425) | (71,656) |
| Profit for the period | 703,786 | 518,628 |
| Profit attributable to: | | |
| Owners of the Company | 699,770 | 515,022 |
| Non-controlling interests | 4,016 | 3,606 |
| Earnings per share for profit attributable to the owners of the Company: | HK\$ per share | HK\$ per share |
| - Basic | 0.646 | 0.470 |
| - Diluted | 0.631 | 0.455 |
| Financial ratios | | |
| Gross profit margin | 40.0% | 40.0% |
| Operating profit margin | 18.7% | 17.9% |
| Net profit margin | 16.8% | 15.6% |



Interim condensed consolidated balance sheet

| | At 30 Jun 2022 | At 31 Dec 2021 |
|--------------------------------------|-------------------|-------------------|
| | HK\$' 000 | HK\$' 000 |
| Total non-current assets | 1,154,594 | 1,031,172 |
| Property, plant and equipment | 650,371 | 485,527 |
| Right-of-use assets | 253,567 | 282,477 |
| Others | 250,656 | 263,168 |
| Total current assets | 8,125,346 | 7,790,106 |
| Cash and cash equivalents | 2,980,731 | 3,532,954 |
| Trade and bills receivables | 2,683,564 | 2,081,977 |
| Inventories | 2,323,030 | 2,071,285 |
| Others | 138,021 | 103,890 |
| Total non-current liabilities | 84,244 | 101,179 |
| Total current liabilities | 2,460,065 | 2,263,543 |
| Trade payables | 1,926,473 | 1,668,823 |
| Others | 533,592 | 594,720 |
| Total equity | 6,735,631 | 6,456,556 |