



PAX Global Technology Limited (327.HK)

2024 interim results





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Results snapshot



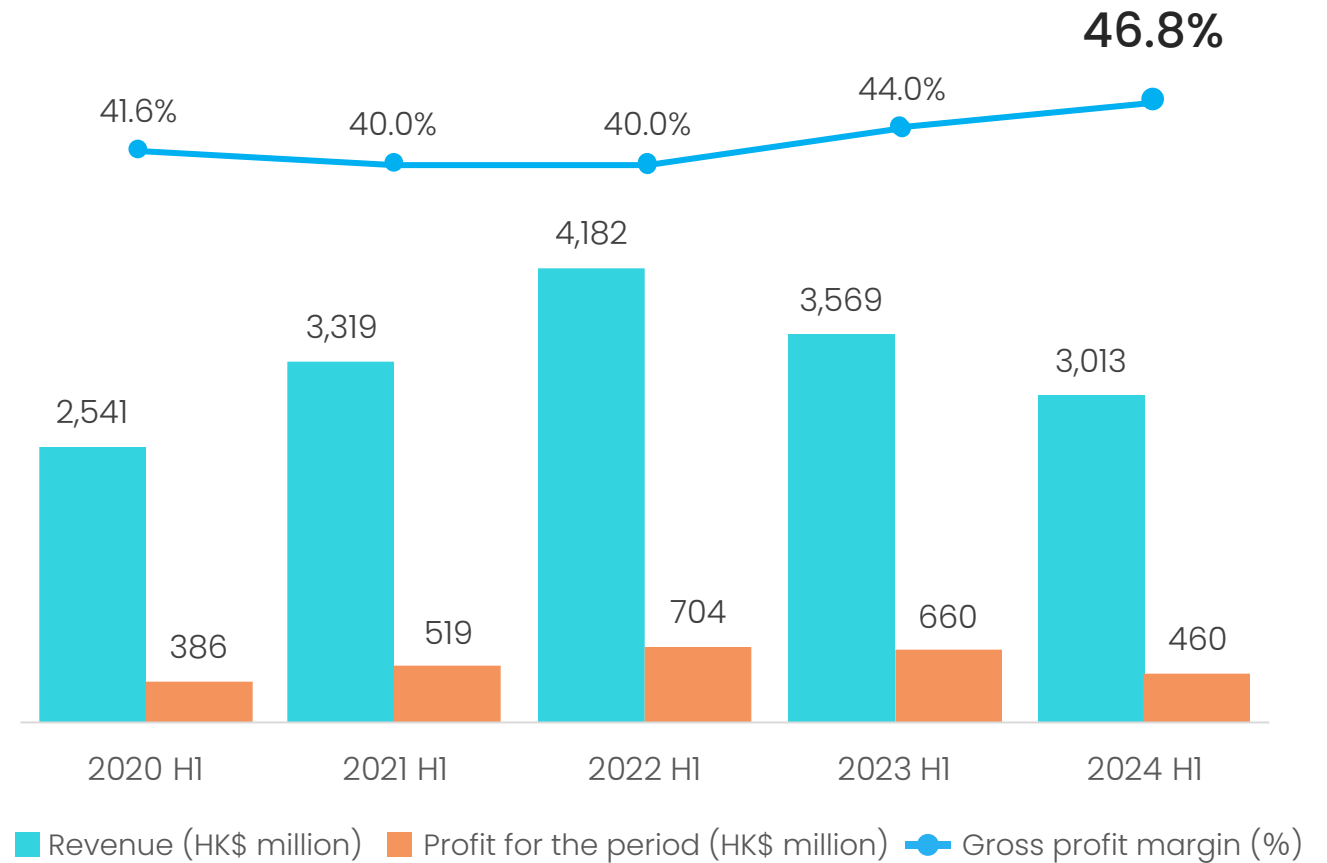
PAX achieved profitable performance during 1H 2024



Profit for the period

460

HK\$ million



PAX continues to strengthen shareholder returns

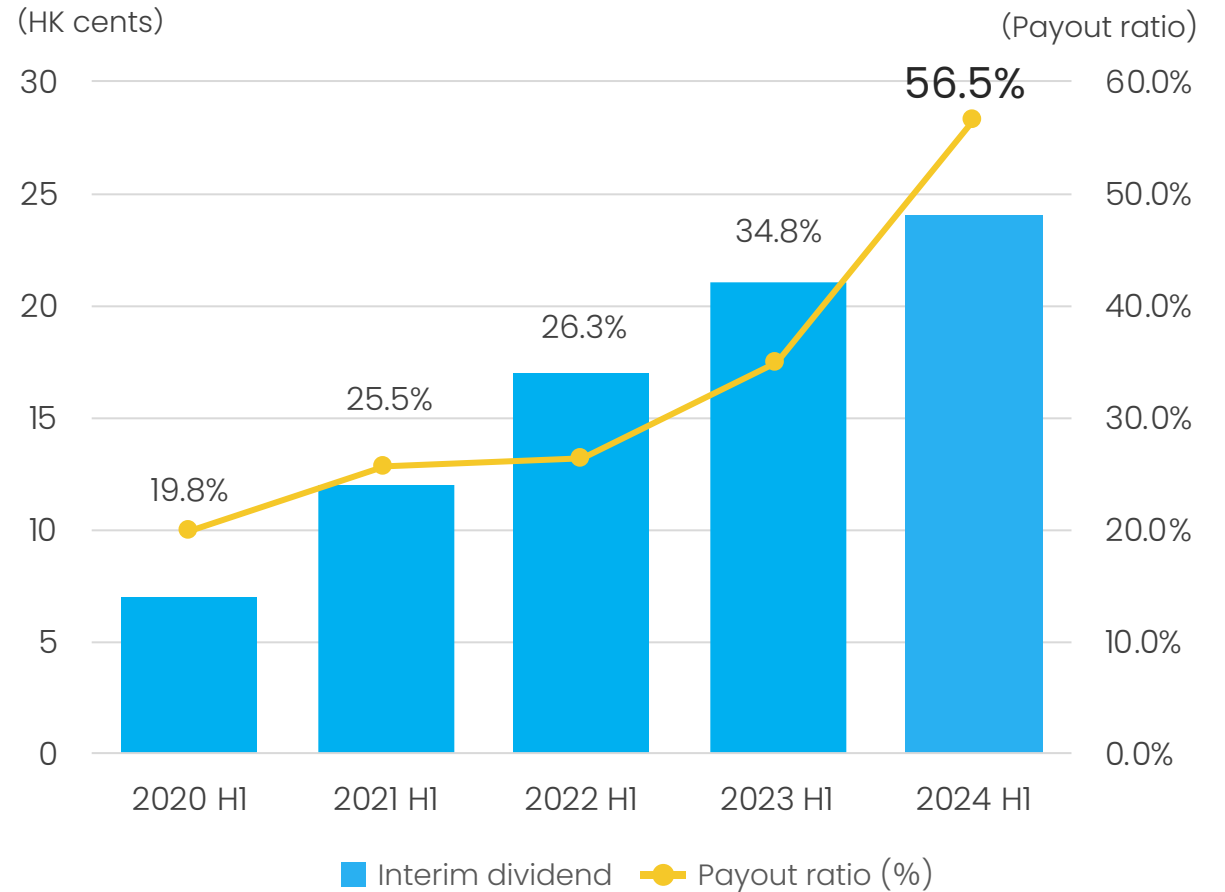
Interim dividend

YoY ▲ 14%

HK 24 cents
per share

Dividend payout ratio

56.5%





PAX recorded robust cash inflow from operations

2024 H1 key cash flow items analysis

Operating activities

Net cash generated from operating activities

~ HK\$ 431 million
(YoY +285%)

Financing activities

Payments in dividends & buybacks

~ HK\$ 250 million

Investing activities*

Expenditures for Shenzhen headquarters & Huizhou Industrial Park

~ HK\$ 96 million

* Expect to complete the Australian distributor acquisition in 2024 H2



PAX pragmatically manages working capital

➤ Trade and bills receivables

(YoY +5%)
(Turnover days: 160)

- Strong US dollar affected certain customers' settlement

➤ Trade payables

(YoY +26%)
(Turnover days: 120)

- More purchases in 2024 Q2

➤ Inventories

(YoY -0.4%)
(Turnover days: 242)

- Plan to further reduce inventory level

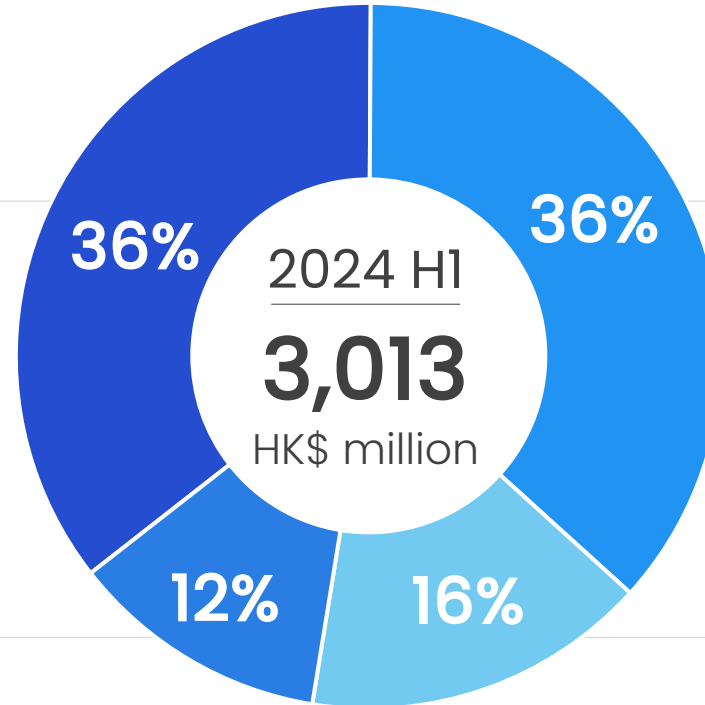
PAX achieved a more diversified global footprint

LACIS (HK\$ 1,070M)

- Mexico & Argentina: Both markets emerged as strong driving forces
- Brazil: Market demand slowed down led by economic uncertainty & high payment terminals penetration

USCA (HK\$ 359M)

- US: Market demand slowed down led by economic uncertainty
- US: Elys series received positive market feedback



EMEA (HK\$ 1,104M)

- Italy, UK & Hungary: PAX achieved notable sales
- EU: PAX unattended solutions support the evolving EV charging landscape
- Saudi Arabia: Sales resumed an upward trend

APAC (HK\$ 480M)

- India: Sales showed positive trend
- Japan: A920 SmartPOS gained widespread adoption
- Indonesia, Philippines & Thailand: Terminal markets are booming

LACIS - Latin America and the Commonwealth of Independent States
EMEA - Europe, the Middle East and Africa
USCA - United States of America and Canada
APAC - Asia Pacific Region

PAX SaaS ecosystem continues to broaden its horizons

SaaS solutions
Revenue

HK\$ 61 M

YoY ▲ 33%

MAXSTORE
Connected devices*

12 M+
units





Corporate development highlights

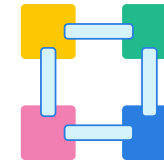
PAX is paving the way for future growth with three key pillars



Products & solutions



Sales channels



Supply chain management



PAX strengthens its leading position in the Android payment terminal industry



Expand presence to wider segments

- Retail, hospitality, public transit systems, parking, tourism hotspots, sports venues, EV charging stations & more

Continue to invest in R&D

- Continue to enrich the Android payment product portfolio
- New products launched in 2024 H1 are certified with PCI PTS 6.x, the latest payment security certification
- Lead the industry in gradually replacing traditional payment devices (Linux or proprietary operating systems)



A8900
Mobile



A99
Mobile



IM25
Unattended



PAX seizes the Android commercial POS (EPOS) market opportunity



Benefits of Android EPOS

- Enhanced cost-effectiveness
- Easy to customize & integrate
- Rich application ecosystem



Market size

- EPOS market: Approx. US\$ 100 billion* in 2023
- The market share of Android EPOS is currently less than 10%



* Data source: [Grandview Research](#)

PAX growing SaaS ecosystem unleashes full power of Android devices



12M+

connected devices*



12K+

Applications*








3K+

Application developers*

* As of 30 Jun 2024



PAX expands footprint with Australian distributor acquisition

<p>Business model</p>	<p>Principally engaged in the provision of E-payment terminals in Australia & New Zealand</p>				
<p>Consideration</p>	<ul style="list-style-type: none"> ▪ Approx. AUD5.4 million, may be further adjusted to up to AUD30 million (based on the FY2024 & 2025 financial performance of the target company) ▪ 100% acquisition of targeted company 				
<p>Synergies</p>	 <p>Strengthen sales network</p>	 <p>Enhance resource efficiency</p>	 <p>Reduce costs</p>	 <p>Fulfil demand swiftly</p>	 <p>Enhance brand recognition</p>
<p>Key use-cases</p>	<ul style="list-style-type: none"> ▪ Partner with Virgin Australia, to provide inflight payments & catering logistics ▪ Partner with A2B Australia, to enable electronic payments in taxi sector 				



PAX industrial park

With the strategic introduction of suppliers & business partners, the new industrial park is now **PAX production base**
This will **optimize our supply chain efficiency & reinforce delivery capabilities**



PAX industrial park fuels the Group's strategic vision for continued expansion



Total CAPEX¹ (include cost of land use rights)
HK\$ ~760 million



Gross floor area²
~261,000 m²



Key financial items (annual forecast)

Production cost & operating expense	HK\$ ~75 million
Depreciation	HK\$ ~16 million
Rental income	HK\$ ~6 million

Note 1: As of 30 Jun 2024

Note 2: Including modern production lines, R&D laboratories, engineering labs, testing centres, and well-equipped dormitories for personnel etc.



Financial targets



PAX is expected to see positive momentum in the 2024 H2

FY 24 financial targets

- Revenue 5 to 15% decline
- Gross profit margin 45% to 47%
- Operating profit margin 17% to 19%



Investor relations contacts

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PAX is included in the key market indexes*

➤ MSCI Hong Kong Small Cap Index

➤ Hang Seng Sub-indexes

Market-Cap weighted indexes	Composite Industry Index - Information Technology	Composite MidCap & SmallCap Index	Composite SmallCap Index
Sector indexes	Information Technology Index	SCHK Information Technology Index	

- PAX is the eligible stock under the **Shanghai-Hong Kong Stock Connect** & **Shenzhen-Hong Kong Stock Connect**

* As of 16 Aug 2024



Interim condensed consolidated income statement

	Six months ended 30 June	
	2024	2023
	HK\$' 000	HK\$' 000
Revenue	3,013,241	3,568,564
Cost of sales	(1,604,005)	(1,997,647)
Gross profit	1,409,236	1,570,917
Other income	36,851	36,076
Other gain/ (loss)	1,589	(1,987)
Selling expenses	(346,978)	(354,447)
Administrative expenses	(576,796)	(581,019)
<i>Research and development costs (included in administrative expenses)</i>	<i>(304,219)</i>	<i>(306,873)</i>
Net reversal of impairment losses on financial assets	13,623	20,025
Operating profit	537,525	689,565
Finance costs	(2,908)	(2,425)
Share of results of investments accounted for using the equity method	4,686	2,533
Profit before income tax	539,303	689,673
Income tax expense	(79,543)	(30,059)
Profit for the period	459,760	659,614
Profit attributable to:		
Owners of the Company	454,583	650,643
Non-controlling interests	5,177	8,971
Earnings per share for profit attributable to the owners of the Company:	HK\$ per share	HK\$ per share
- Basic	0.425	0.603
- Diluted	0.416	0.589
Financial ratios		
Gross profit margin	46.8%	44.0%
Operating profit margin	17.8%	19.3%
Net profit margin	15.3%	18.5%



Interim condensed consolidated balance sheet

	As at 30 Jun 2024	As at 31 Dec 2023
	HK\$' 000	HK\$' 000
Total non-current assets	1,503,146	1,522,108
Property, plant and equipment	957,340	950,811
Right-of-use assets	223,180	239,374
Others	322,626	331,923
Total current assets	7,788,074	7,553,221
Cash and cash equivalents	2,794,057	2,863,597
Trade and bills receivables	2,821,172	2,679,525
Inventories	1,819,361	1,826,091
Others	353,484	184,008
Total non-current liabilities	95,017	100,340
Total current liabilities	1,571,437	1,488,815
Trade payables	1,122,586	888,621
Others	448,851	600,194
Total equity	7,624,766	7,486,174



Working capital summary

	As at 30 Jun 2024	As at 31 Dec 2023	As at 30 Jun 2023
	HK\$ '000	HK\$ '000	HK\$ '000
Inventories	1,819,361	1,826,091	2,148,231
Trade and bills receivables	2,821,172	2,679,525	2,409,464
Trade payables	1,122,586	888,621	1,053,995
Cash and cash equivalents*	2,794,057	2,863,597	2,876,585
Turnover days			
Inventories	242	236	211
Trade and bills receivables	160	143	131
Trade payables	120	127	128
Cash conversion	282	252	214

*2024 H1 key cash flow analysis

- Net cash generated from operating activities (approx. HK\$ 431 M)
- Financing activities: paid dividends and share repurchases (approx. HK\$ 250 M)
- Investing activities: Shenzhen PAX Headquarters and Huizhou Industrial Park (approx. HK\$ 95 M)