



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



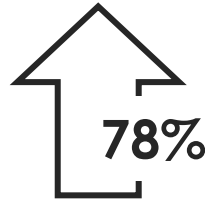
Record financial numbers

- 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%

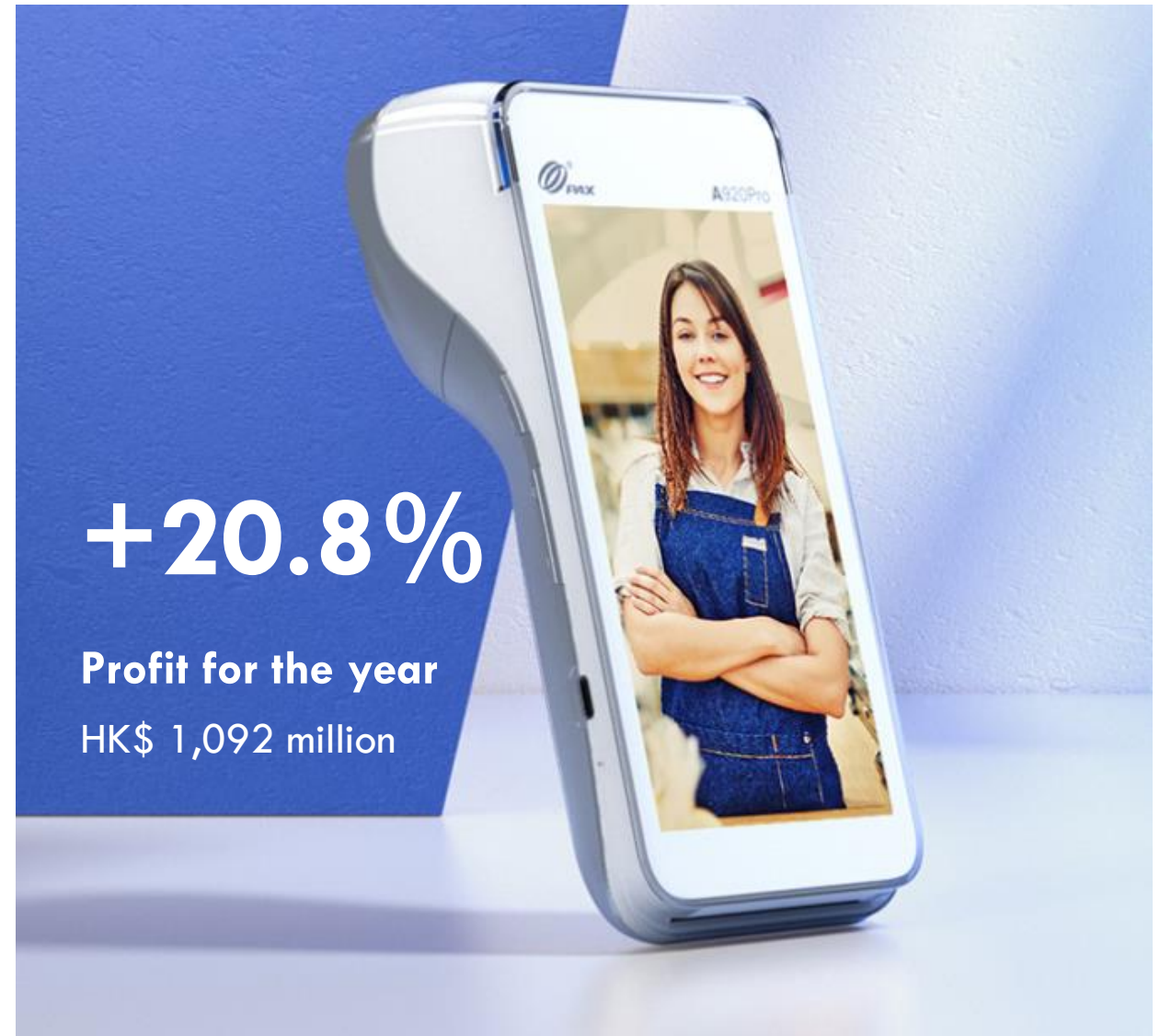
+19.8%

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

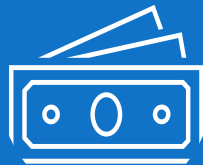
- proposed final dividend up 50% -



Share buybacks

11 times

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

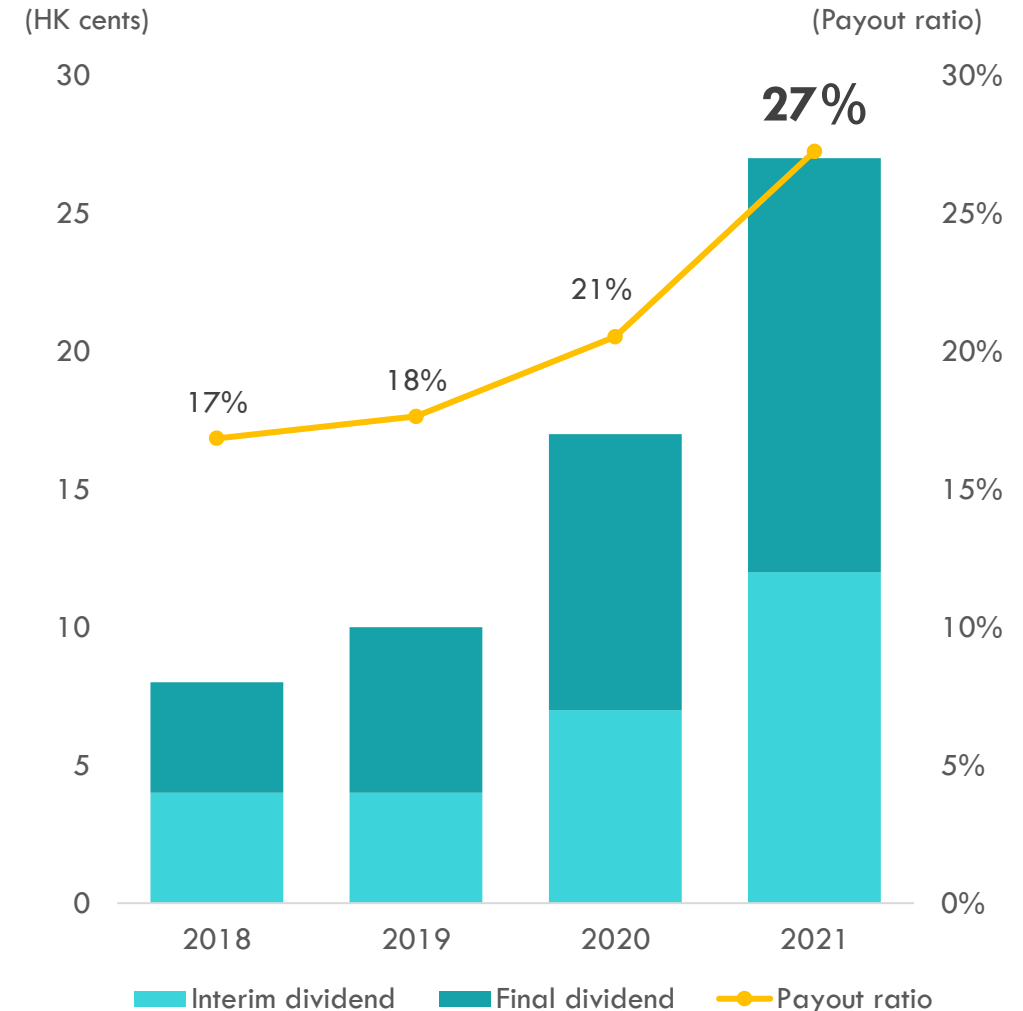


Final dividend (proposed)

+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 ¹	3,532,954	3,802,741	- 7.1%

Turnover days

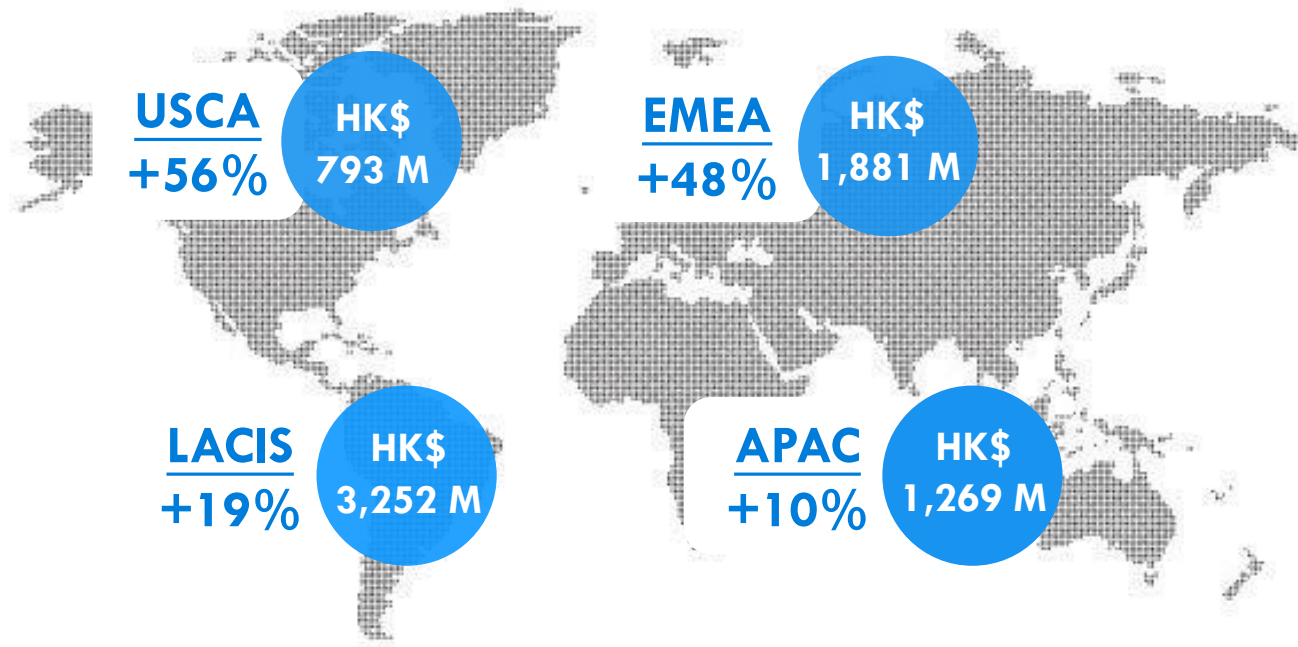
Inventory	175	183	- 8
Trade and bills receivables	96	102	- 6
Trade payables	127	152	- 25
Cash conversion	144	133	+ 11

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)

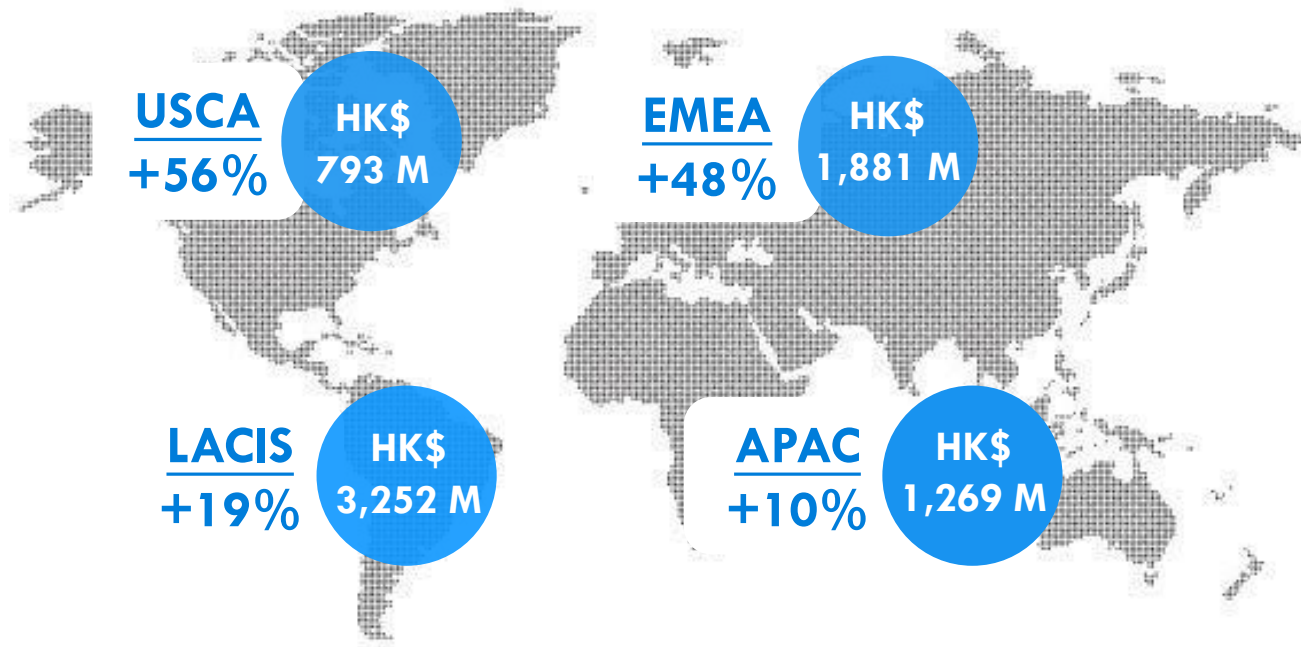
USCA

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

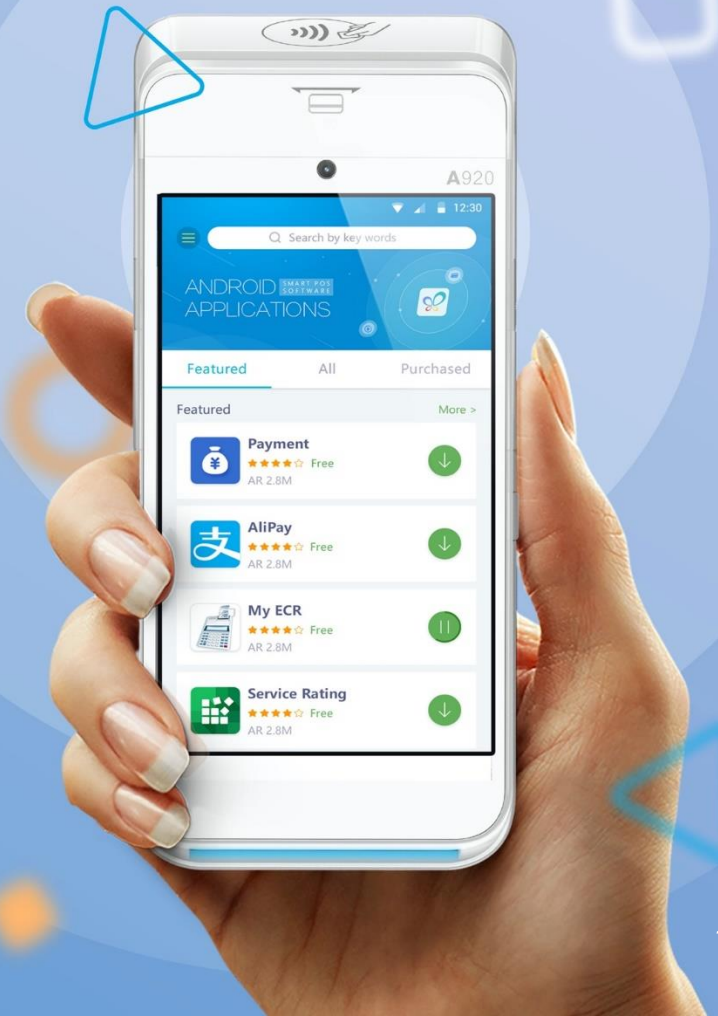
Thailand, Malaysia, South Korea

- Achieved decent growth

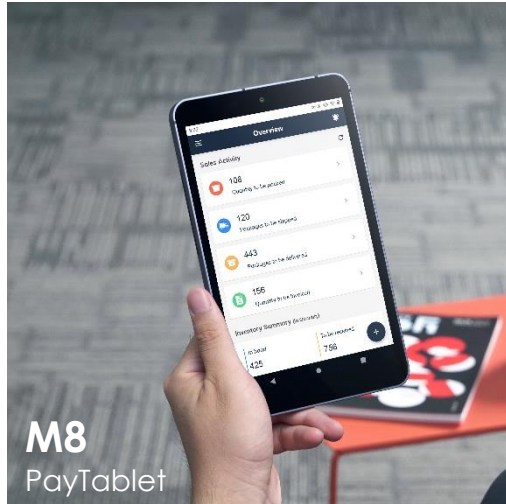
Android smart terminal combined with the PAXSTORE platform is the core of PAX's present & future development strategy

PAXSTORE

Your Own Independent Appstore Marketplace



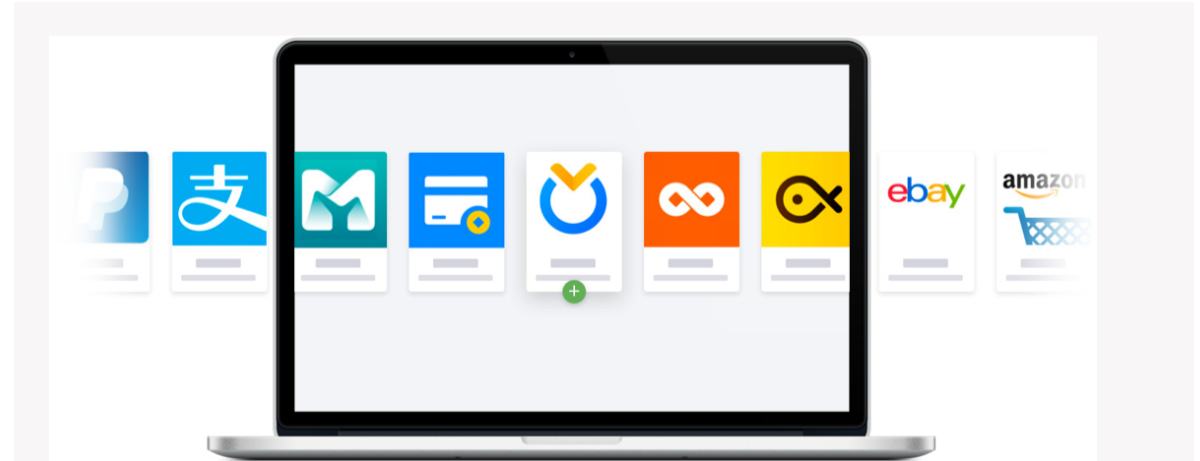
Android smart terminals are merchants preferred interface for accessing SaaS



M8
PayTablet



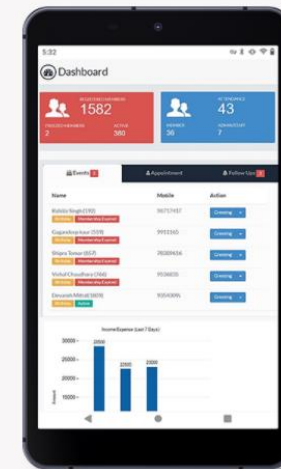
SK300
SmartKiosk



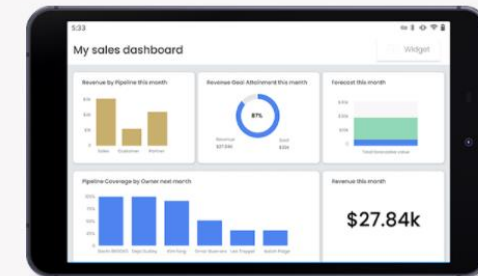
A77
Smart MiniPOS



A920Pro
Smart Mobile POS



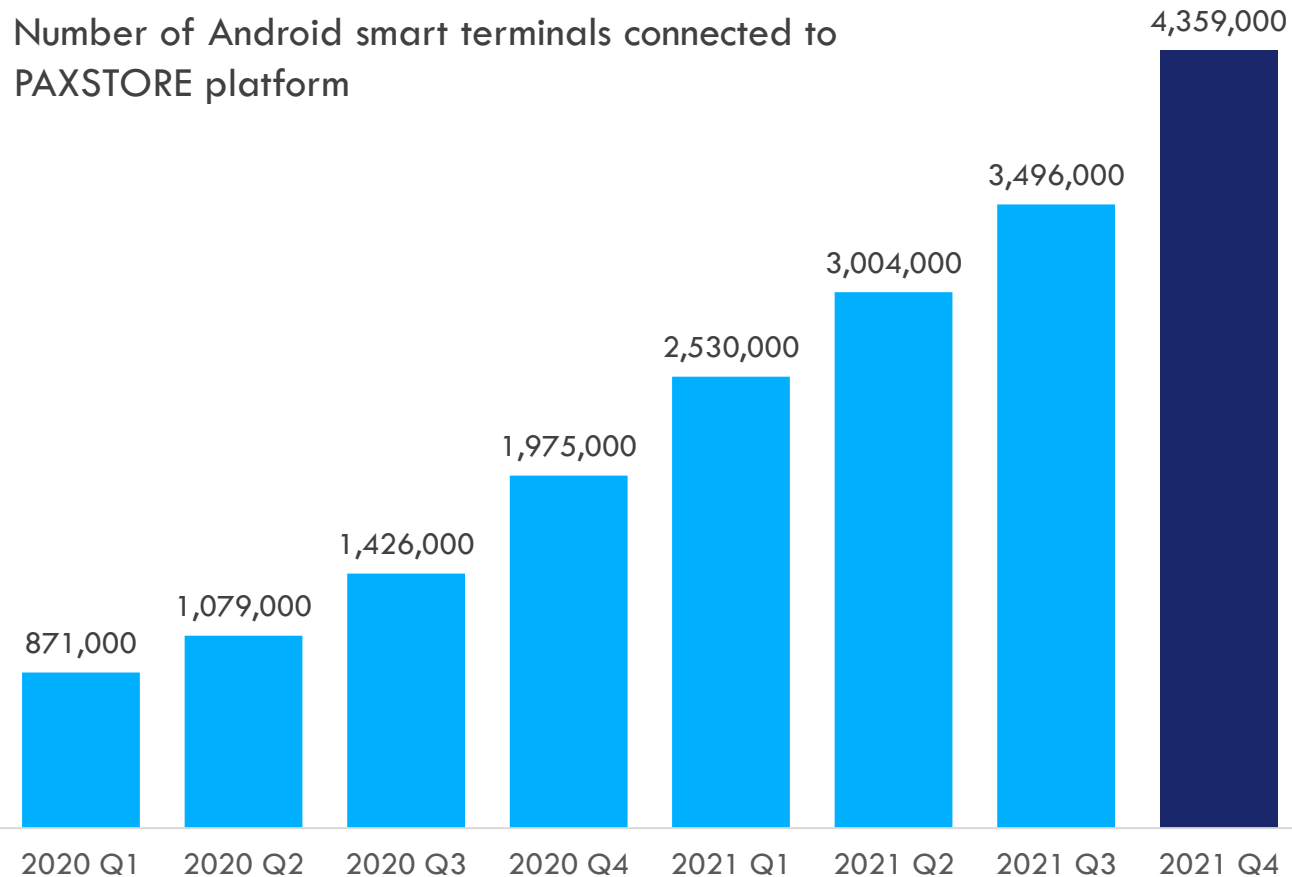
Reaching More Customers



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

Revenue:	+15%
Gross profit margin:	38% to 40%
Operating profit margin:	17% to 19%

Investor relations contacts

Calvin Pei - Assistant Vice President Corporate Finance & Strategy

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
Revenue	7,195,982	5,650,619
Cost of sales	(4,368,785)	(3,313,310)
Gross profit	2,827,197	2,337,309
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)
Operating profit	1,277,972	1,067,172
Finance costs	(6,979)	(8,285)
Share of results of investments accounted for using the equity method	3,454	(6,046)
Profit before income tax	1,274,447	1,052,841
Income tax expense	(182,205)	(148,991)
Profit for the year	1,092,242	903,850
Profit attributable to:		
Owners of the Company	1,083,774	900,123
Non-controlling interests	8,468	3,727
Earnings per share for the profit attributable to the owners of the Company:	HK\$ per share	HK\$ per share
- Basic	0.989	0.828
- Diluted	0.957	0.823
Financial ratios		
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
Total non-current assets	1,031,172	681,943
Property, plant and equipment	485,527	129,240
Right-of-use assets	282,477	291,137
Others	263,168	261,566
Total current assets	7,790,106	6,955,116
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
Total non-current liabilities	101,179	109,168
Total current liabilities	2,263,543	1,954,319
Trade payables	1,668,823	1,371,267
Others	594,720	583,052
Total equity	6,456,556	5,573,572

Appendix: working capital

As at 31 December

	2021	2020	+/-
	HK\$ '000	HK\$ '000	
Inventories	2,071,285	1,629,901	+ 27.1%
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