



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

2023 annual results





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# Agenda

## 01 >

Key development strategies

## 02 >

2023 annual results snapshot

## 03 >

2024 financial targets



# Key development strategies

# PAX key development strategies





# PAX strengthens financial POS leading position



**A920MAX**  
Mobile SmartPOS



**A33**  
PINpad



**A50**  
mini SmartPOS



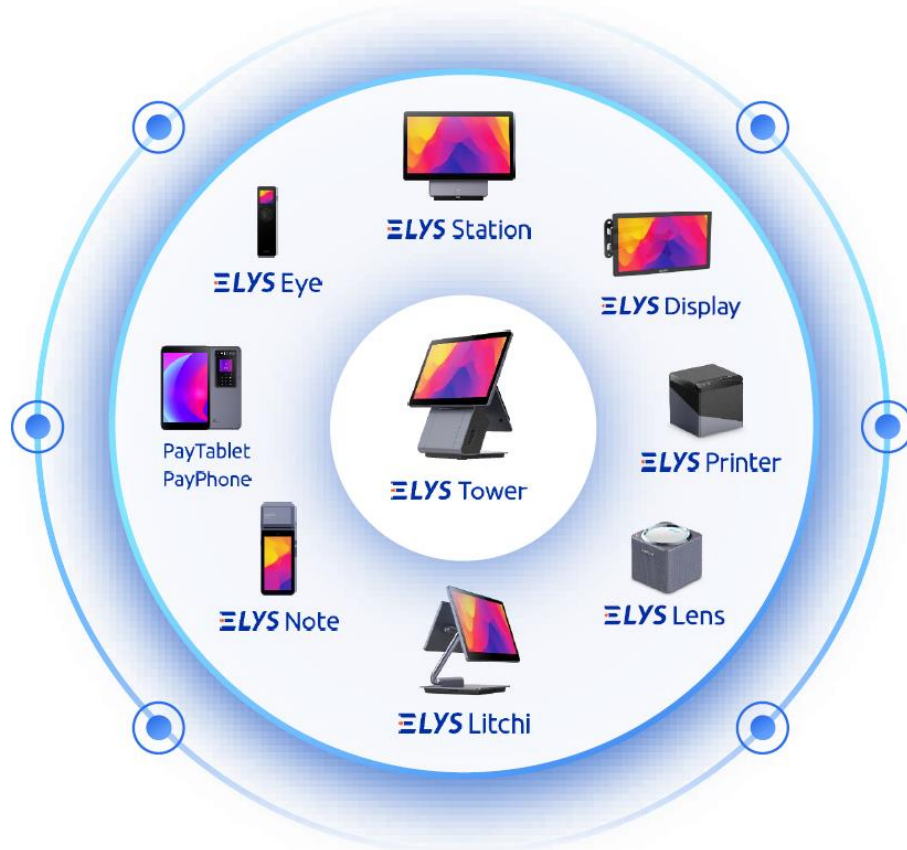
**IM30**  
Unattended solution



**A6650**  
Smart PDA



# PAX expands commercial EPOS business field



## Market opportunities

- Growing demand for Android EPOS

## PAX strategies

- Develop integrated business SaaS solutions
  - Deepen ties with software developers
  - Optimise MAXSTORE platform
  - Expand EPOS product portfolio
- Explore more sales channels

## PAX goals

- Leverage our success in North America
- Strengthen our position in the global EPOS business field



# 2023 annual results snapshot





# PAX emphasizes on creating more shareholder values

## Proposed final dividend

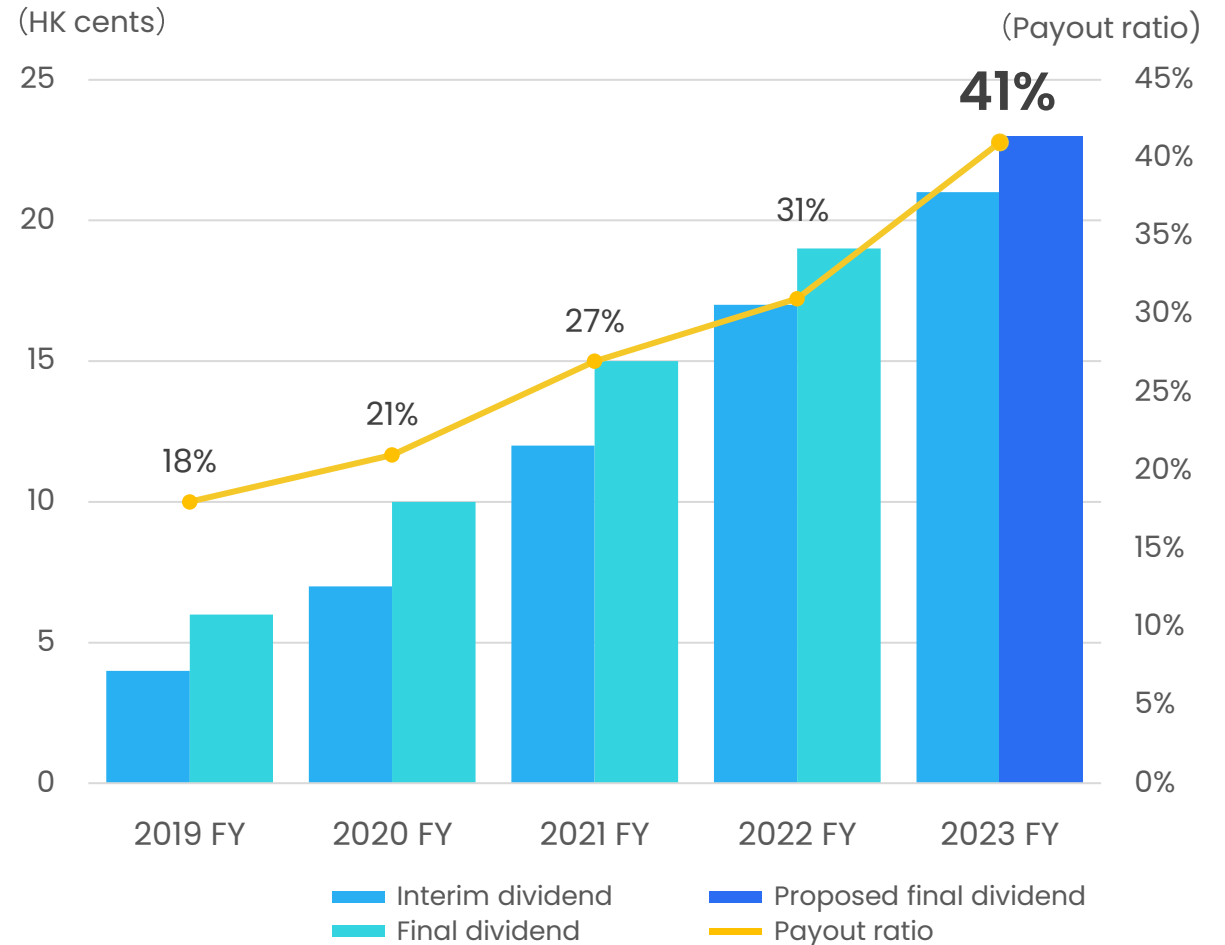
YoY ▲ 21%

**HK 23 cents**  
per share

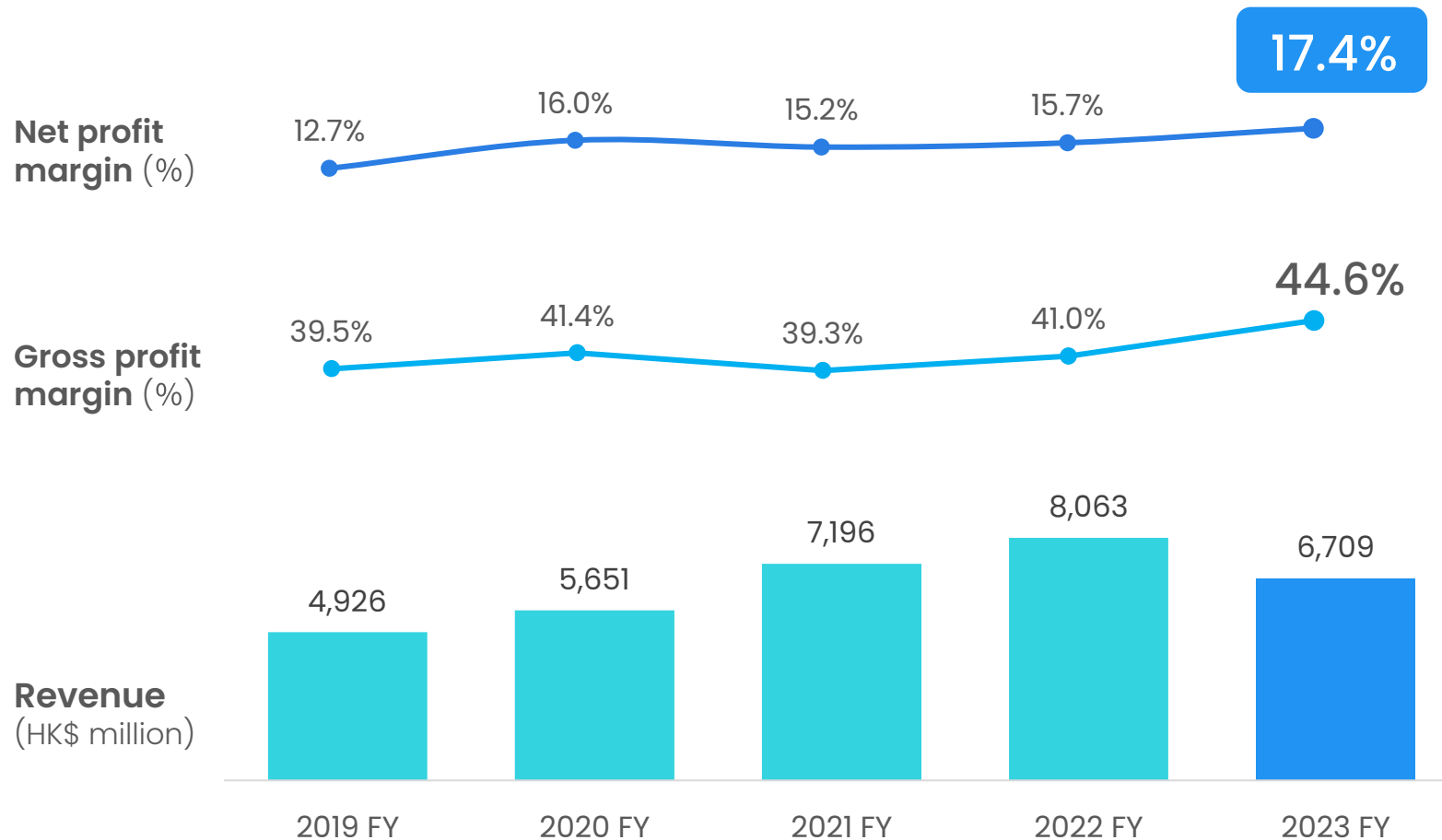
## Repurchases

YoY ▲ 22%

**HK\$ 84 million**



## PAX achieved solid profit margins



Profit for the year  
**1,165**  
HK\$ million



## PAX recorded robust cash inflow from operations

### 2023 FY key cash flow analysis

#### Operating activities

Net cash generated from operating activities

HK\$ 490 million

#### Financing activities

Payments in dividends & buybacks

HK\$ 515 million

#### Investing activities

Expenditures in Shenzhen & Huizhou construction projects

HK\$ 163 million



## PAX pragmatically manages working capital

### ➤ **Trade and bills receivables**

(YoY +14%)

(Turnover days: 143)

- Improved receivables ageing due to strong 2023 Q4 sales
- Prolonged customer repayment influenced by strong US dollar

### ➤ **Inventories**

(YoY -28%)

(Turnover days: 236)

- Normalised global supply chains
- Alleviated chip shortage & shipping delay issues
- Reduced advance purchases

### ➤ **Trade payables**

(YoY -48%)

(Turnover days: 127)



## Other financial items analysis

### **Gross profit margin** (YoY +360 bps)

- Successfully implemented effective cost control strategies
- Impact of RMB depreciation
- Change in geographical sales mix

### **Selling expenses** (YoY -18%)

- Decrease in sales commission
- Decrease in freight charges

### **Effective tax rate** (YoY -429 bps)

- Additional one-off R&D tax incentives of HK\$ 73 million in 2023



## PAX new headquarters building marks a new milestone



### Key financial items (annually)

- Depreciation HK\$ ~15 million
- Rental saving HK\$ ~6 million



### Total capex

(including cost of land use rights)

HK\$ ~360 million



### Number of staff\* in HQ

Approx. 800



New HQ building **bolsters inter-departmental synergies**, paving the way for enhanced global business dynamics.



\*Including divisions of R&D, quality management, engineering, testing, regional sales, after-sales services, etc.

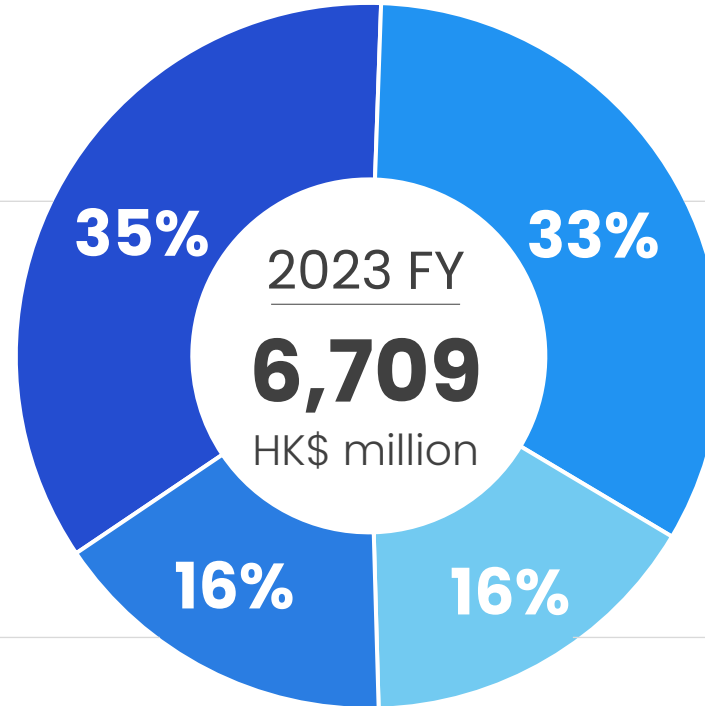
## PAX diversifies the global footprint

### LACIS (HK\$ 2,328 M)

- Robust sales in Argentina, Chile & Mexico
- Deployment slowdown in Brazil due to the drop of 2023 market demand

### USCA (HK\$ 1,062 M)

- Successfully launch of Elys Series
- Growing shipment of Android products & connected devices on MAXSTORE platform



### EMEA (HK\$ 2,244 M)

- Notable sales in Italy, the UK, Turkey, Spain & France
- More opportunities in South Africa & UAE
- Longer-than-expected sales cycle in Germany & Saudi Arabia

### APAC (HK\$ 1,075 M)

- Significant sales growth in Japan, Indonesia & the Philippines
- Successful market expansion in Australia & New Zealand
- Longer-than-expected sales cycle in India

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 reached a noteworthy milestone



### SaaS solutions revenue

2023 FY ▲ YoY 23%

HK\$ **106** million



### MAXSTORE's connected devices

As of 31 Dec 2023

**11+** million





# 2024 financial targets



## PAX is riding the next wave of growth

- Revenue 5% to 15 % growth
- Gross profit margin 43% to 45%
- Operating profit margin 18% to 20%

\*Note: FY 2023 net profit included an one-off additional R&D tax incentive of HK\$73 M



# Investor relations contacts

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## PAX obtains recognition from the global industry standards body

- PAX is the **first Asian payment terminal provider** to join the Payment Card Industry Security Standards Council (PCI SSC) Advisory Board\*
- As a strategic partner, PAX brings regional & technological insights to PCI SSC



### About PCI SSC

*PCI SSC takes charge of formulating and maintaining payment security standards, including the widely recognized Data Security Standard (PCI DSS). This standard stands as the world's most stringent and advanced financial data security benchmark, with a primary focus on safeguarding cardholder information and ensuring secure transactions.*

\*Note: PCI SSC Board of Advisors – [link](#)



## 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 15 Mar 2024



## Consolidated income statement

	For the year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
<b>Revenue</b>	<b>6,709,324</b>	<b>8,062,702</b>
Cost of sales	(3,715,323)	(4,756,561)
<b>Gross profit</b>	<b>2,994,001</b>	<b>3,306,141</b>
Other income	95,126	64,915
Other gains/(loss), net	12,620	(2,178)
Selling expenses	(674,479)	(821,605)
Administrative expenses	(1,171,459)	(1,121,022)
<i>Research and development costs (included in administrative expenses)</i>	<i>(644,075)</i>	<i>(567,141)</i>
Net (impairment losses)/ reversal of impairment losses on financial assets	(1,443)	3,091
<b>Operating profit</b>	<b>1,254,366</b>	<b>1,429,342</b>
Finance costs	(5,376)	(5,649)
Share of results of investments accounted for using the equity method	4,974	7,415
<b>Profit before income tax</b>	<b>1,253,964</b>	<b>1,431,108</b>
Income tax expense	(88,861)	(162,905)
<b>Profit for the year</b>	<b>1,165,103</b>	<b>1,268,203</b>
<b>Profit attributable to:</b>		
Owners of the Company	1,155,164	1,264,675
Non-controlling interests	9,939	3,528
<b>Earnings per share for profit attributable to the owners of the Company:</b>	<b>HK\$ per share</b>	<b>HK\$ per share</b>
- Basic	1.075	1.170
- Diluted	1.051	1.141
<b>Financial ratios</b>		
Gross profit margin	44.6%	41.0%
Operating profit margin	18.7%	17.7%
Net profit margin	17.4%	15.7%



## Consolidated balance sheet

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
<b>Total non-current assets</b>	<b>1,522,108</b>	<b>1,317,315</b>
Property, plant and equipment	950,811	769,372
Right-of-use assets	239,374	230,567
Others	331,923	317,376
<b>Total current assets</b>	<b>7,553,221</b>	<b>8,173,014</b>
Cash and cash equivalents	2,863,597	3,160,238
Trade and bills receivables	2,679,525	2,350,368
Inventories	1,826,091	2,527,293
Others	184,008	135,115
<b>Total non-current liabilities</b>	<b>100,340</b>	<b>74,973</b>
<b>Total current liabilities</b>	<b>1,488,815</b>	<b>2,509,506</b>
Trade payables	888,621	1,699,530
Others	600,194	809,976
<b>Total equity</b>	<b>7,486,174</b>	<b>6,905,850</b>



## Working capital summary

	At 31 Dec 2023	At 31 Dec 2022
	HK\$ '000	HK\$ '000
Inventories	1,826,091	2,527,293
Trade and bills receivables	2,679,525	2,350,368
Trade payables	888,621	1,699,530
Cash and cash equivalents*	2,863,597	3,160,238
<b>Turnover days</b>		
Inventories	236	194
Trade and bills receivables	143	106
Trade payables	127	129
Cash conversion	252	171

### \*2023 FY key cash flow analysis

- Net cash generated from operating activities (approx. HK\$ 490 M)
- Financing activities: paid dividends and share repurchases (approx. HK\$ 515 M)
- Investing activities: construction projects in Shenzhen and Huizhou (approx. HK\$ 163 M)