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Revenue Up 17.3% to HK\$1,231.6 Million in FY2022 Sales Jump 32.7% and Receivables Surpass Pre-Pandemic Level Reaching Record High

Enters Expansion Phase and Pursues Digitalization and Diversification of Revenue Sources

(Hong Kong, 4 April 2023) – **AEON Credit Service (Asia) Company Limited** (“AEON Credit” or the “Group”; Stock Code: 00900) today announced its results for the year ended 28th February 2023 (“FY2022” or the “Reporting Year”).

In FY2022, the Group’s revenue increased by 17.3% year-on-year to HK\$1,231.6 million, and operating profit rose by 25.8% to HK\$556.7 million. Meanwhile, profit after tax recorded a 9.1% increase to HK\$373.6 million during the Reporting Year, with earnings per share rising to 89.22 HK cents (FY2021: 81.81 HK cents). The Board has recommended a final dividend of 22.0 HK cents per share, bringing the total dividend for the Reporting Year to 44.0 HK cents per share, representing a dividend payout ratio of 49.3%.

The solid increase in revenue in FY2022 was mainly attributable to the launch of the Group’s first ever cashback credit card, AEON Card Wakuwaku (the “Wakuwaku Card”), supported by successful mass promotion and brand building activities, which resulted in a significant increase in both credit card and personal loan sales, and thus interest income. The Group achieved an overall sales growth of 32.7% year-on-year, with the total advances and receivables balance at 28th February 2023 recording an increase of 36.5% when compared with the balance at 28th February 2022. The fees and commissions from the credit card business also achieved significant growth, up 38.8% due to the increase in credit card sales and the ‘off-us’ acquiring service for AEON Stores, which contributed to the rise in revenue as well.

The Group implemented a number of initiatives in a timely manner to achieve healthy growth in both sales and receivables and to maintain a quality portfolio during the Reporting Year, as consumer spending rebounded remarkably in Hong Kong in the second half year following the launch of a range of economic stimulus measures and the progressive resumption of overseas travel. In addition to the launch of several mass promotion activities, the Group engaged celebrities to promote personal loans and its “Wakuwaku Card” in a bid to attract a greater number of customers who predominantly shop online and are generally more knowledgeable about spending rewards and incentives.

Separately, for fee business, the Group has significantly increased the scale of its card acquiring business and continued to take on new merchants with relatively sizable



transaction volumes and/or with multi-distribution networks. Moreover, the Group entered into a new distribution partnership agreement in the second quarter to expand its offline and online insurance sales channels, allowing the Company's customers to access and purchase a wide range of insurance products more conveniently.

To accelerate its digital transformation, the Group's new card and loan system project, net-member and mobile application systems, and data lake project were successfully launched in early March 2023, facilitating new payment solutions and the flexibility in offering product benefits, as well as easy access to even better data analytics tools and services.

On the sustainability front, the Group secured a sustainability-linked loan framework and entered into agreements for sustainability-linked loans (the "Loans") in the third quarter, with a total carrying amount of HK\$320 million and each for a term of three years. The Loans form part of the Group's first sustainable financing initiative, and demonstrate the Group's commitment to sustainability by linking the interest margins of the Loans to the Group's environmental, social and governance ("ESG") key performance indicators.

Looking ahead, with the regulatory changes in the interest rate cap and the threshold of extortionate rate under the Money Lenders Ordinance, the Group is presented with opportunities to leverage its strong capital base to pursue business expansion and to acquire asset portfolios from competitors in the coming year.

In response to the evolving consumer finance behaviour in the wake of the Pandemic, the Group will continue to offer enhanced digital experiences and create more "value" for online purchases by offering cash rebates. It will also revamp its branch network to meet the needs of customers who seek face-to-face advisory services. Following the completion of upgrades to the card and loan systems and the launch of new mobile applications and a net-member platform; new services and rewards, including mobile wallets and virtual card solutions, will be continuously offered in the coming year to manage market changes and new customer needs.

As both the US Federal Funds Rate and the Hong Kong Prime Rate are expected to remain high in 2023/24, the Group will expand its other sources of revenue, namely fee income, to help mitigate the impact on net interest income from a declining interest spread. For the card acquiring business, the Group will upgrade its acquiring system platform and work with other payment solution providers to extend the merchant network and to add in new services. Regarding the insurance agency business, the Group will expand its direct sales team and explore new insurance products to meet the needs of its customers.

In terms of technology development, with the completion of the card and loan system replacement project, the Group can promote new product benefits by enhancing digital marketing and providing premium user experiences or new payment solutions to its customers. Moreover, the effectiveness of the Group's marketing, credit assessment and credit management activities are expected to improve with the support of data analytics



tools.

Mr. Tomoharu Fukayama, Managing Director of AEON Credit, said, “The Group is pleased to have achieved robust growth over the past year through the implementation of timely initiatives that have capitalised on the improving market sentiment. While it is difficult to predict the time frame for a full economic recovery, with the Group’s responsiveness and strong business relations with its partners, as well as its solid liquidity position and balance sheet, we remain confident in our future growth prospects and look forward to performing satisfactorily in the coming year.”

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About AEON Credit Service (Asia) Company Limited (Stock Code: 00900)

AEON Credit Service (Asia) Company Limited, a subsidiary of AEON Financial Service Co., Ltd. (TSE: 8570) and a member of the AEON Group, was set up in 1987 and listed on the Main Board of The Stock Exchange of Hong Kong Limited in 1995. The Group is principally engaged in the consumer finance business, which includes the issuance of credit cards and the provision of personal loan financing, card payment processing services, insurance agency and brokerage business in Hong Kong and microfinance business in Mainland China.