



AEON Credit Service (Asia) Co., Ltd.

Stock Code : 0900

FY2023/24 Interim Results

28 September 2023

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Glossary

| | |
|------------|---------------------------|
| 1H FY20/21 | First half of FY2020/21 |
| 2H FY20/21 | Second half of FY2020/21 |
| 1H FY21/22 | First half of FY2021/22 |
| 2H FY21/22 | Second half of FY2021/22 |
| 1H FY22/23 | First half of FY2022/23 |
| 2H FY22/23 | Second half of FY2022/23 |
| 1H FY23/24 | First half of FY2023/24 |
| HK\$ | Hong Kong Dollars |
| HoH | 1H FY23/24 vs. 1H FY22/23 |
| bn | Billion |
| M / m | Million |






Agenda

- 1 Major Achievements & Financial Highlights**
- 2 Financial Results in 1H FY23/24**
- 3 Second Half Year Business Strategies**
- 4 Q&A Session**



Major Achievements in 1H FY23/24

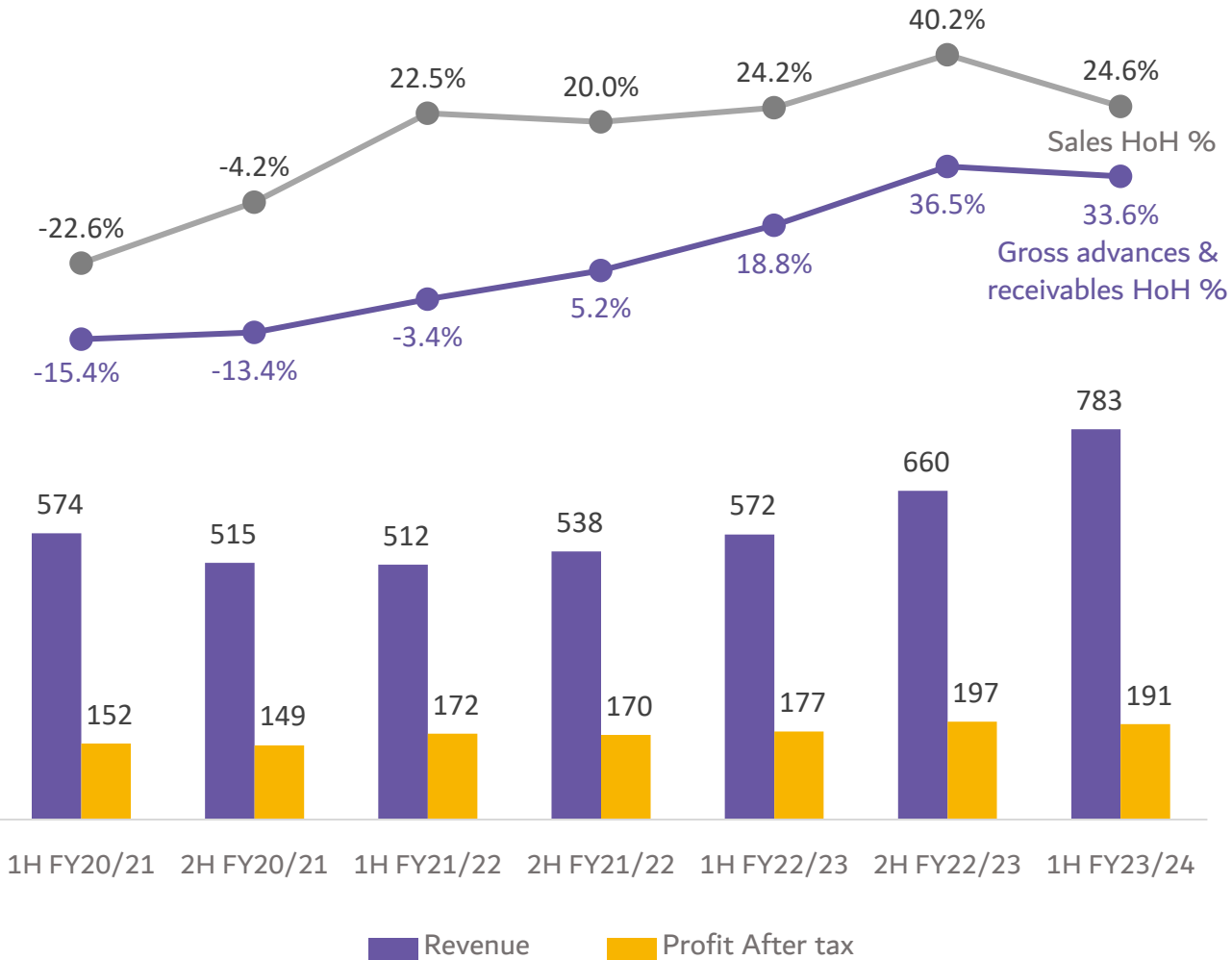
Financial Highlights

| Items | 1H FY22/23 <31.8.2022> | 1H FY23/24 <31.8.2023> | HoH % |
|--------------------------------|---------------------------|-------------------------------------------------------------------------------------------------|--------|
| Sales YoY % | + 24 % | + 25 %  | |
| <Gross advances & receivables> | HK\$ 4,822m | HK\$ 6,440m  | + 34% |
| Revenue | HK\$ 572m | HK\$ 783m  | + 37% |
| Profit after tax (*) | HK\$ 177m | HK\$ 191m  | + 8% |
| Cost-to-income ratio | 56.5% | 48.0%  | - 8.5% |

(*) Excluding the gain on disposal of distressed assets of HK\$ 32M in 1H FY22/23, HoH% for profit after tax would be +28%.

Performance Highlights

Unit: HK\$ Million



Sustainable Growth Momentum

Sales for 1H FY23/24
HK\$6.4bn (HoH 25%) ↑

Gross advances and receivables at 31.8.2023
HK\$6.4bn (vs 31.8.2022 34%) ↑

Revenue for 1H FY23/24
HK\$783m (HoH 37%) ↑

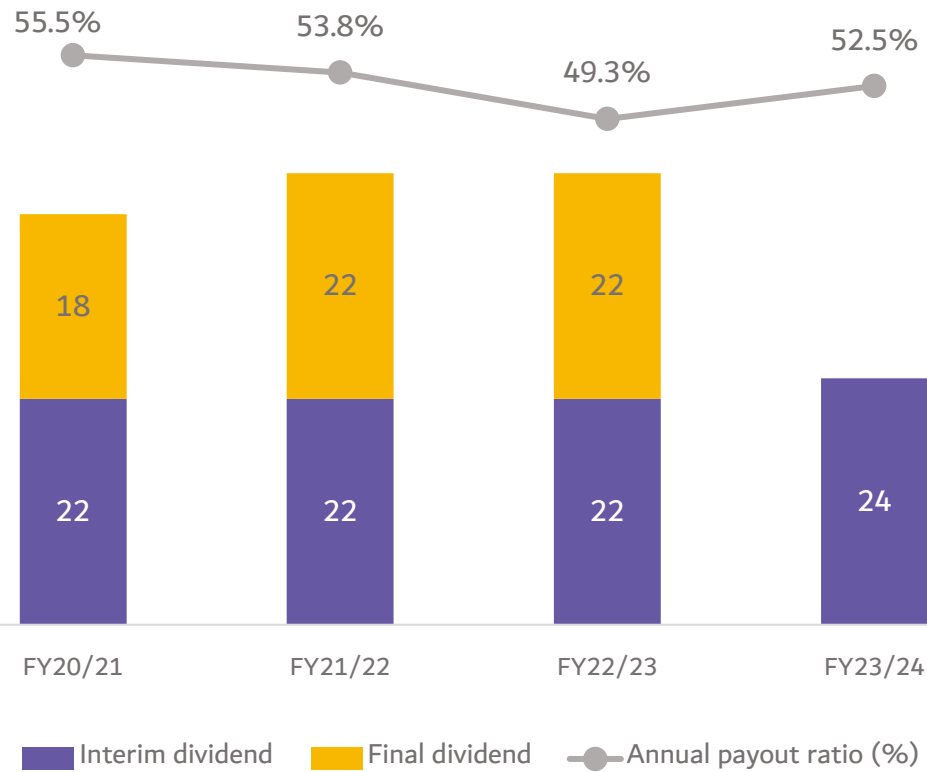
Profit after tax for 1H FY23/24
HK\$191m (HoH 8%) ↑

Segment Information

| Items | Credit cards | Personal loans | Insurance | Consolidated | Hong Kong | PRC | Consolidated |
|------------------------------|--------------|----------------|-----------|--------------|-----------|-----|--------------|
| <u>1H FY23/24</u> | | | | | | | |
| Revenue | 624M | 148M | 11M | HK\$ 783M | 770M | 13M | HK\$ 783M |
| Segment results | 200M | 27M | 5M | HK\$ 232M | 230M | 2M | HK\$ 232M |
| Unallocated income (expense) | | | | (HK\$ 1M) | | | (HK\$ 1M) |
| Profit before tax | | | | HK\$ 231M | | | HK\$ 231M |
| <u>1H FY22/23</u> | | | | | | | |
| Revenue | 447M | 111M | 14M | HK\$ 572M | 561M | 11M | HK\$ 572M |
| Segment results | 158M | 37M | 15M | HK\$ 210M | 208M | 2M | HK\$ 210M |
| Unallocated income (expense) | | | | HK\$ 1M | | | HK\$ 1M |
| Profit before tax | | | | HK\$ 211M | | | HK\$ 211M |

Interim Dividend

Unit: HK Cents



Core Payout Ratio



Pay-out ratio for 1H FY23/24

52.5%

Dividend Policy :
Annual dividend payout ratio of not less than 30% of the net profit attributable to shareholders of the Company for the financial year.

Return to Shareholders



Interim Dividend for FY23/24

HK\$0.24 /share

> 8% Yield at Current Share Price

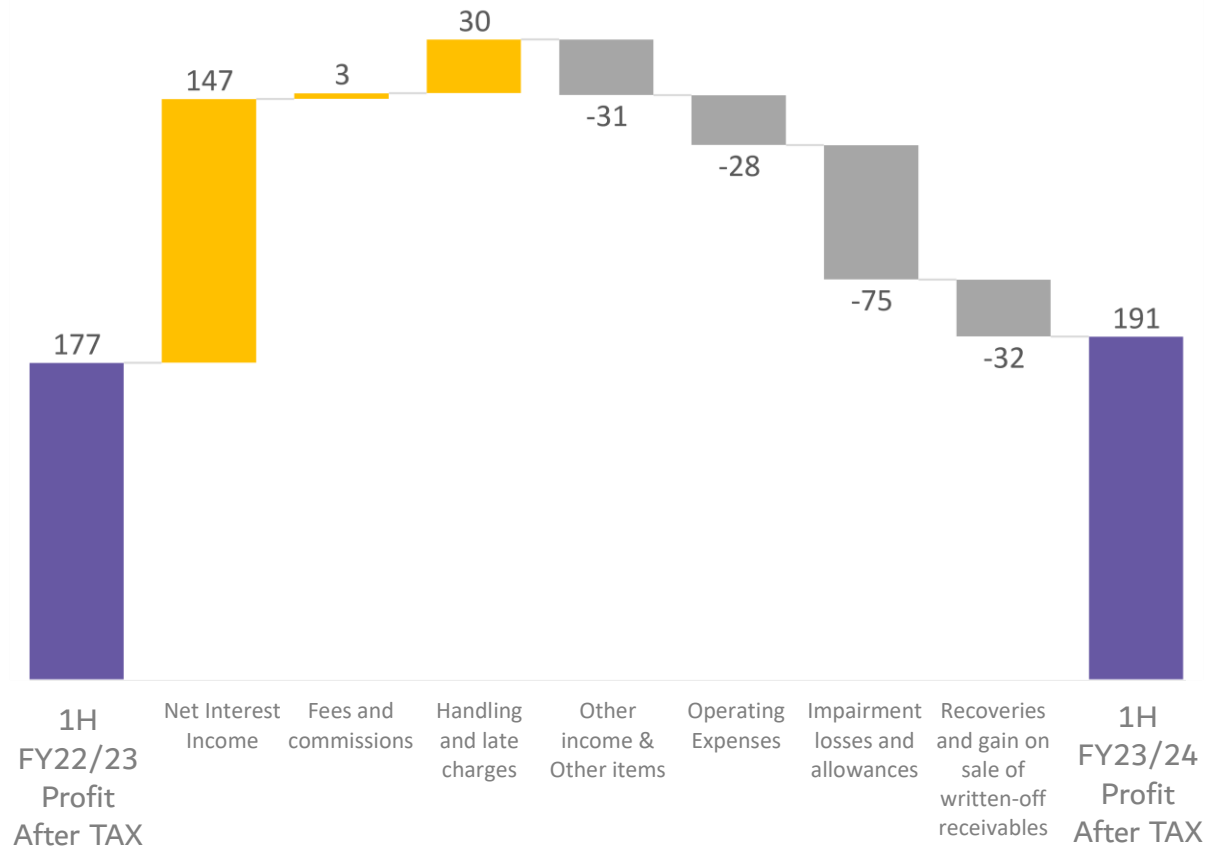


Financial Results in 1H FY23/24

Highlights of Statement of Profit or Loss

Profit Analysis by Waterfall

Unit: HK\$ Million



Financial Highlights

Net interest income, vs 1H FY22/23

+HK\$147m ↑

Handling and late charges, vs 1H FY22/23

+HK\$30m ↑

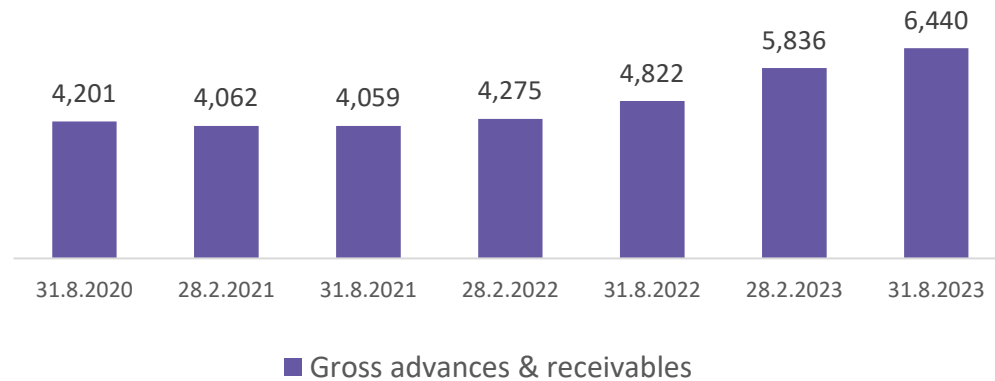
Earnings per share

46 HK cents

Gross Advances & Receivables Balance Exceeded Past Records, and Interest Income Trended Upward

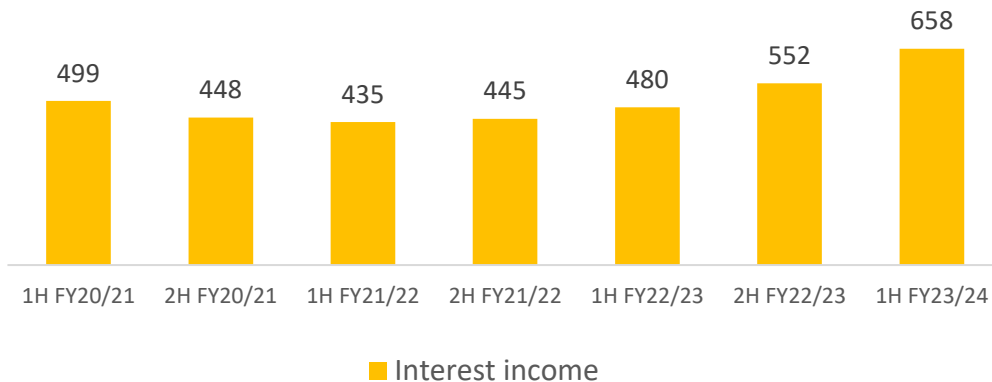
Gross advances & receivables

Unit: HK\$ Million



Interest Income

Unit: HK\$ Million

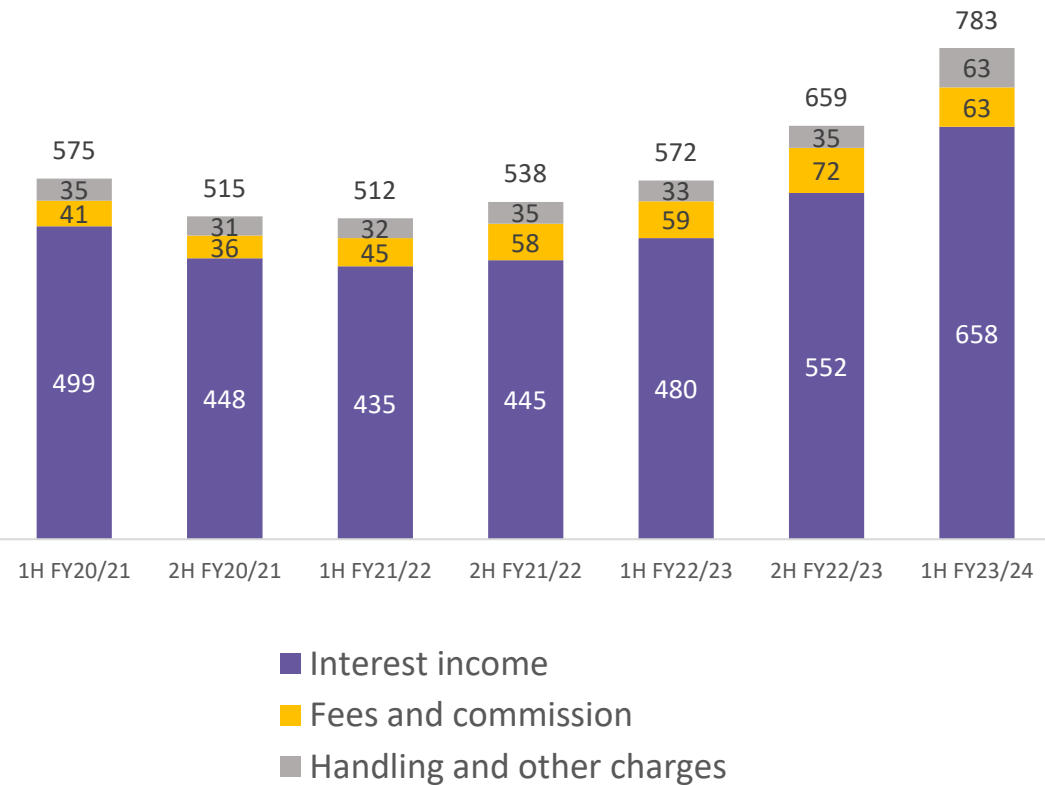


Highlights

- Gross advances & receivables reached a historical high level
- Even with the lower statutory interest rate cap of 48% per annum for lending, interest income increased as a result of successful marketing campaigns that contributed to increased credit card and personal loan sales

Accelerates Growth in Revenue

Unit: HK\$ Million



Highlights

- Interest income showed improvement, achieving a progressive upward trend
- Rising fee revenue earned from acquiring services due to increasing card acquiring merchants and average transaction amount
- Significant growth in revenue from handling and other charges resulting from higher demand for cash advances and more customers electing to make minimum due payments

Increase in Interest Expense was Contained despite Rising US Policy Rates

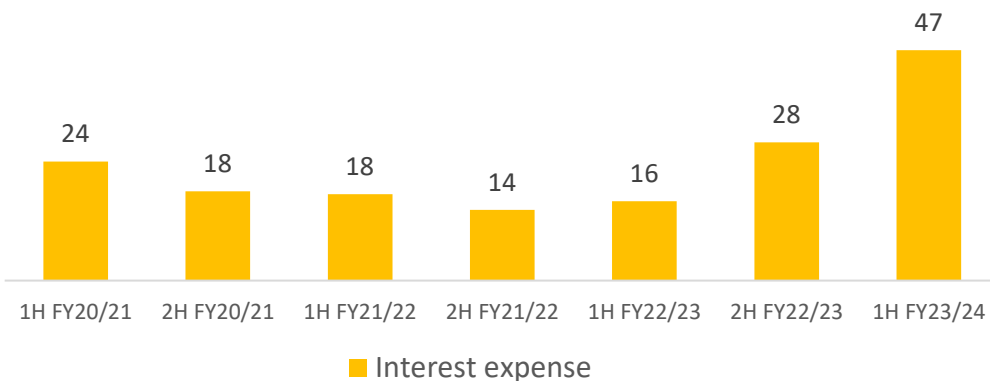
Bank Borrowings/Borrowings from Immediate Holding Company

Unit: HK\$ Million



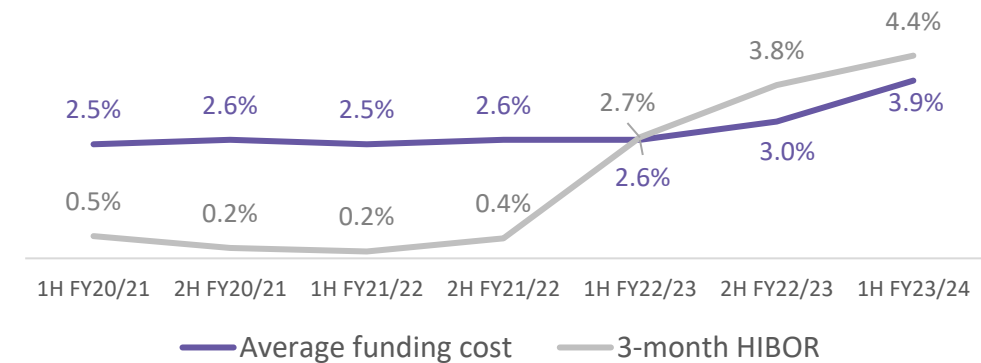
Interest expense

Unit: HK\$ Million



Average funding cost/3-month HIBOR

Unit: %

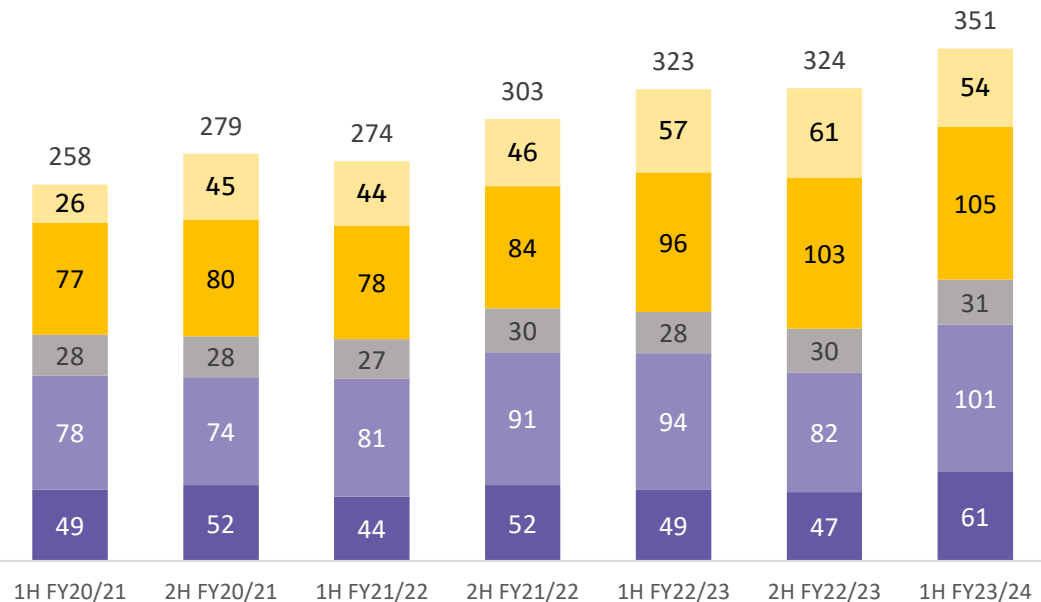


Highlights

- Rising interest expense as a result of increase in borrowings to finance the growth in receivables
- More evenly distributed rates and maturities of borrowing portfolio help to mitigate the impact brought by rising market rates

Increase in Operating Expenses was Under Control

Unit: HK\$ Million



- Marketing and promotion expenses
- Staff costs
- Leases-related expenses
- General administrative expenses
- Depreciation and other operating expenses

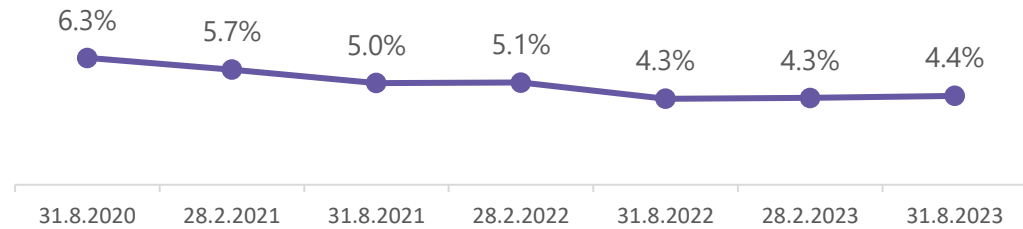
Highlights

- Effective use of marketing and promotion expenses to capture growing consumer demand post-Pandemic
- Increase in staff costs to support back-office digitalization and new core system, together with investment in human resources
- Higher depreciation and card scheme charges following launch of major operating systems and increase in card sales

Maintain Credit Quality Under Volatile Business Environment

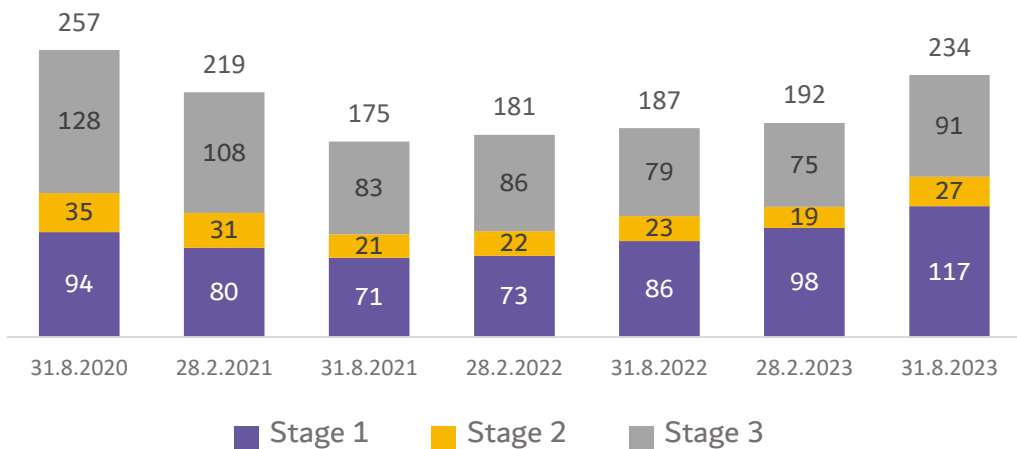
Credit impaired (Stage 2 & 3) advances and receivables to Gross advances and receivables

Unit: %



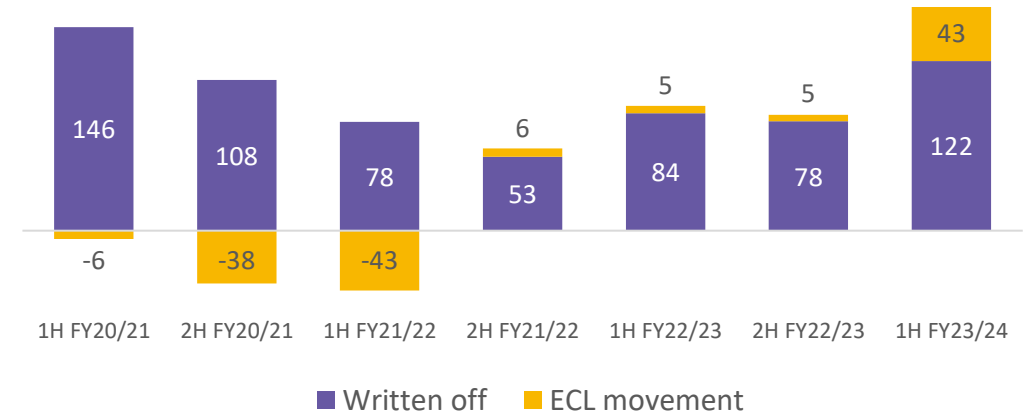
Impairment allowances under HKFRS 9 by stage

Unit: HK\$ Million



Movement of impairment losses and impairment allowances

Unit: HK\$ Million



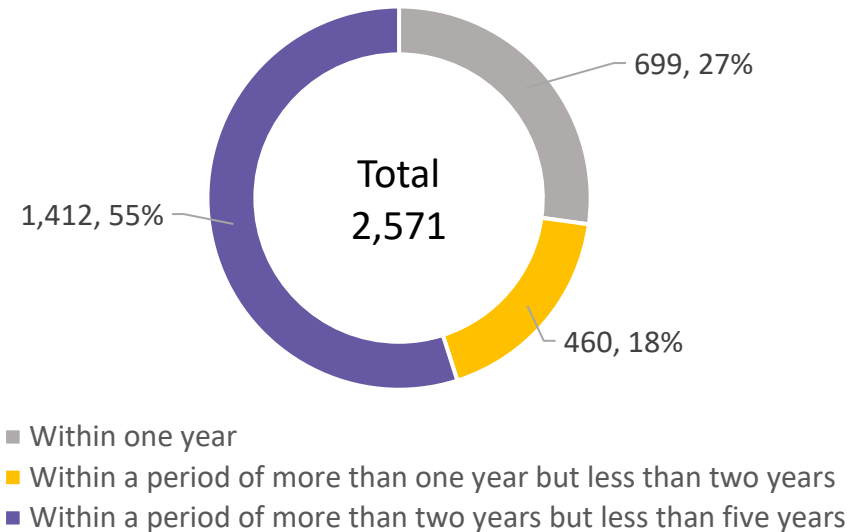
Highlights

- Stable asset quality amid increasing gross advances and receivables
- Increase in impairment allowances attributable to rise in credit impaired receivables and weakened economic indicators

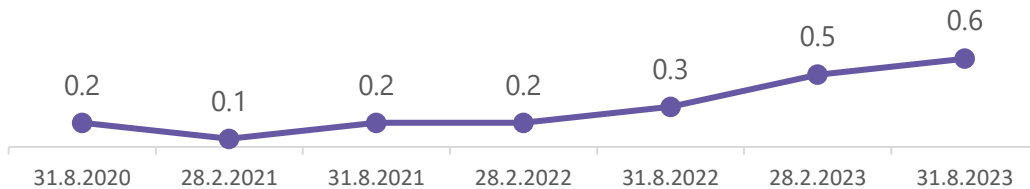
Strong Capital Base and Stable Funding Source to Sustain Business Growth

Maturity Profile of Bank Borrowings and Borrowings from Immediate Holding Company

Unit: HK\$ Million



Net debt to equity ratio



Remark : Net debt to equity ratio
= (Borrowings + Lease liabilities – Cash and cash equivalents)/Total equity

Liquidity Risk

Unit: HK\$ Million

| Maturity profile as at 31.8.2023 | Within 3 months | More than 3 months but less than 1 year | More than 1 year but less than 5 years | Total |
|---------------------------------------------------------------|-----------------|-----------------------------------------|----------------------------------------|-------|
| Advances and Receivables | 3,708 | 1,073 | 1,425 | 6,205 |
| Bank Borrowings and Borrowings from Immediate Holding Company | 89 | 610 | 1,873 | 2,571 |
| Net expected cash inflow (outflow) | 3,619 | 463 | (448) | 3,634 |

Highlights

- Evenly distributed maturity dates in indebtedness portfolio
- No liquidity risk
- Strong capital base



Second Half Year Business Strategies

Business Strategies in 2H FY23/24

- 1. Expansion of Contactless Payment Function**
- 2. Acceleration of Back-Office Digitalization**
- 3. Diversification of Revenue Sources**
- 4. Intensify Development of Personal Loan Business**
- 5. Enhancement of Sustainability Targets in Greater Bay Area**

Progress of Sustainability Roadmap in 1H FY23/24



Customer Focus

Provided more digital payment alternatives to customers with “QR Cash” & “QR Pay” via AEON HK App

QR Cash

QR Pay



Corporate Governance

Set up **Strategy Committee** and Amended **internal policies** to maintain stringent standards on ESG-related matters



IT Security

Provided **IT security training** to all staff to avoid cyber breaches



Environment Protection

Achieved offset equivalent of **9,200 kg CO₂** through tree planting



Talent Attraction and Development

Awarded “**Super MD**” under the ERB Manpower Developer Award Scheme



Occupational Health and Safety

Provided annual **Occupational Health and Safety refresher training**



Workplace Culture

Awarded “**Happy Company**” logo for second consecutive year



Community Investment

- **90** scholarships awarded to beneficiaries in Hong Kong
- Sponsored **three community programs**



Sustainability Efforts in 1H FY23/24

March

- ❖ HKU AEON Scholarship Ceremony (1 Mar)
- ❖ Sponsorship of "Hong Kong Money Month 2023" (31 Mar)



投委會 IFEC 香港理財月 MONEY MONTH Hong Kong 2023

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Money Month supporters

April

- ❖ Launch of Eco-friendly Uniforms (7 Apr)



May

- ❖ Friends of the Earth Tree Planting Challenge (20 May)
- ❖ UNICEF SDG Actioner Challenge Acknowledgement Ceremony (21 May)



July

- ❖ UNICEF Young Envoys Field Trip to South Korea (24-27 July)



August

- ❖ UNICEF Young Envoys Appointment Ceremony (25 Aug)



September

- ❖ Launch of Eco-friendly Credit Card (Sept)





Thank You!



Q&A Session
