

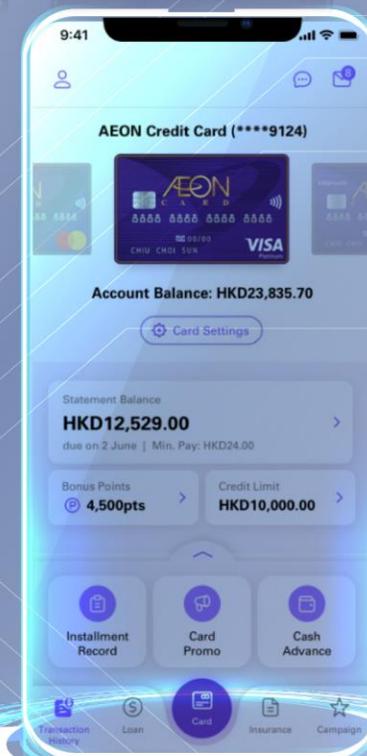


AEON Credit Service (Asia) Co., Ltd.

Stock Code : 0900

2021/22 Annual Results

6 April 2022





Disclaimer

- This document has been prepared by AEON Credit Service (Asia) Co., Ltd. (“AEON Credit” or the “Company”) solely for the use at the presentation to analyst and fund managers.
- The information contained in this document has not been independently verified. No representation or warranty, whether expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information or opinions contained herein. None of the Company nor any of its respective affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss arising from the use of this document or its contents or otherwise arising in connection with this document.

Glossary

2020/21	For the year ended 28 February 2021
2021/22	For the year ended 28 February 2022
2022/23	For the year ended 28 February 2023
2020/21 Q1	First quarter of 2020/21
2020/21 Q2	Second quarter of 2020/21
2020/21 Q3	Third quarter of 2020/21
2020/21 Q4	Fourth quarter of 2020/21
2021/22 Q1	First quarter of 2021/22
2021/22 Q2	Second quarter of 2021/22
2021/22 Q3	Third quarter of 2021/22
2021/22 Q4	Fourth quarter of 2021/22
AIS	AEON Information Service (Shenzhen) Co., Ltd.
HK\$	Hong Kong Dollars

Agenda

01

Major Achievements

02

Financial Highlights

03

**Operational Review &
Growth Strategies**

Major Achievements



Achievements in Performance and Corporate Structure



Returned to Growth

Sales for the year recorded

21.1% ↑

Gross advances and receivables

5.2% ↑
(balance at 28th February 2022)

Profit before tax

11.2% ↑



Asset Quality Improved

% of overdue advances and receivables to total advances and receivables

Reduced to

4.1% → **3.5%**

(balance at 28th February 2022)



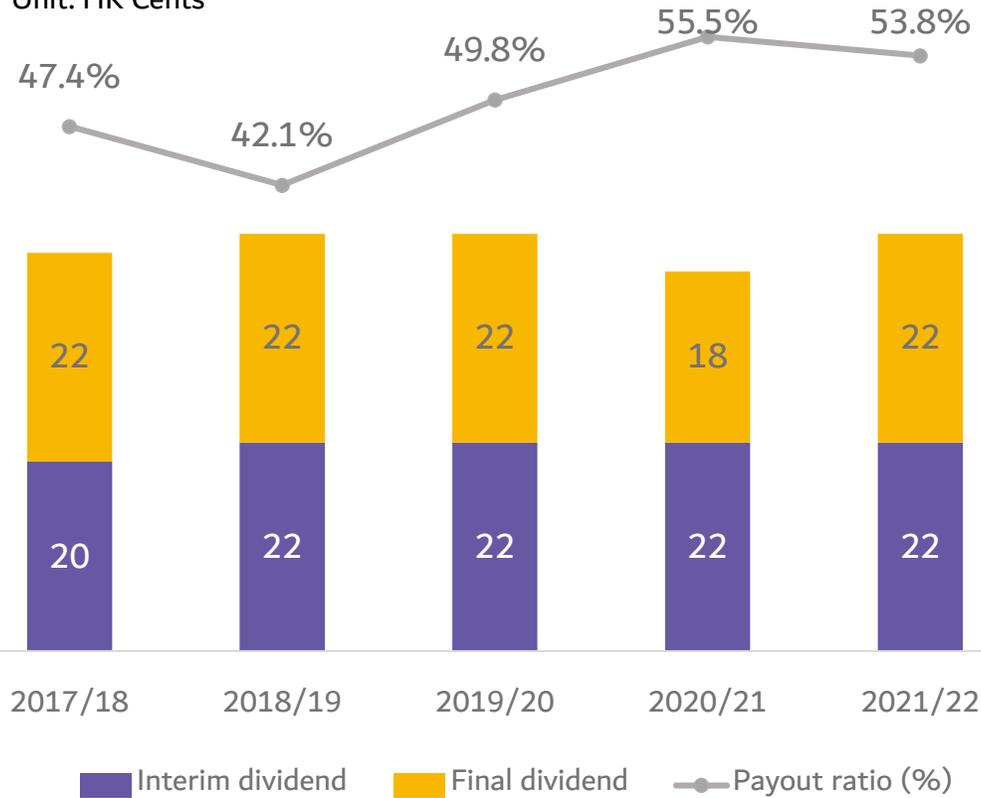
PRC Segment

Acquisition of the remaining equity interest of an associate (AIS)

Microfinance subsidiary in Shenzhen turns profitable



Unit: HK Cents



Core Payout Ratio



Average Payout Ratio for last 10 years

53.0%

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



Current Dividend

HK\$0.44 /share Annualized

> 8% Yield at Current Share Price

Financial Highlights



1

Rebuilding Resilience under Tough Business Environment

2

Started V-shaped Recovery in Advances & Receivables and Controlled Impairments through Improved Credit Management

Result Analysis



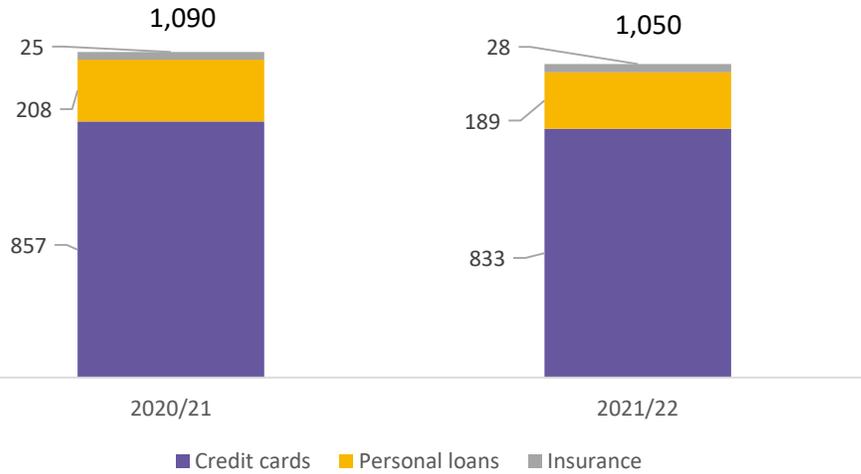
Unit: HK\$Million

	2018/19	2019/20	2020/21	2021/22
Business Environment	US-China Trade War	Social Unrest and Pandemic	Global Economy Halt under Pandemic	New Normal New Consumer Behaviors
Revenue	1,323	1,298	1,090	1,050
Profit after Tax	437	370	302	343
Earnings per Share	104 HK cents	88 HK cents	72 HK cents	82 HK cents
Impairment Losses & Impairment Allowances	204	259	211	94
Gross Advances & Receivables (Closing)	5,127	4,691	4,062	4,275
Annual Dividend	44 HK cents	44 HK cents	40 HK cents	44 HK cents (Proposed)

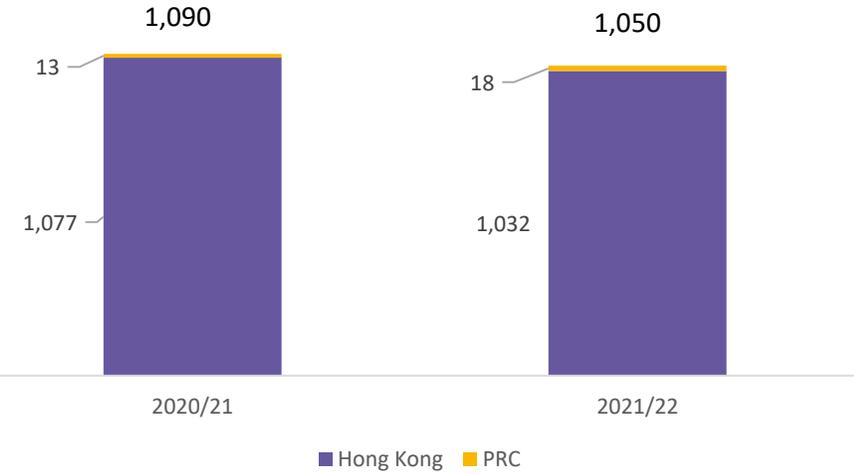
Segment Information

Unit: HK\$Million

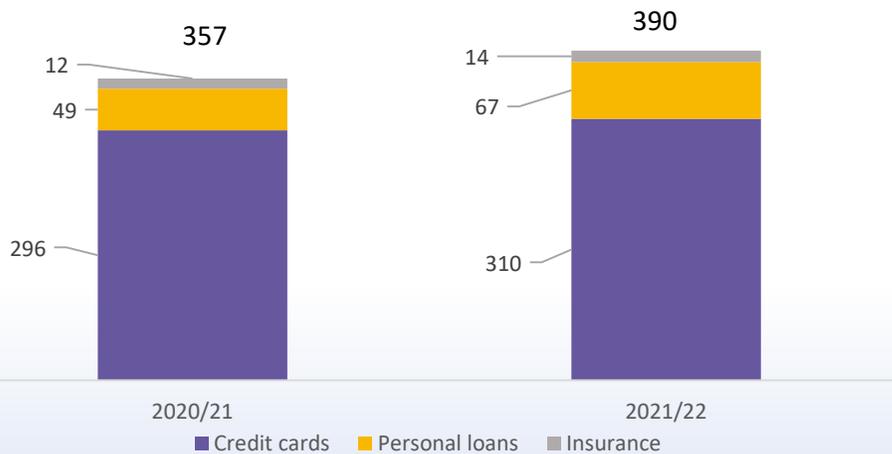
(A) Segment Revenue by Product



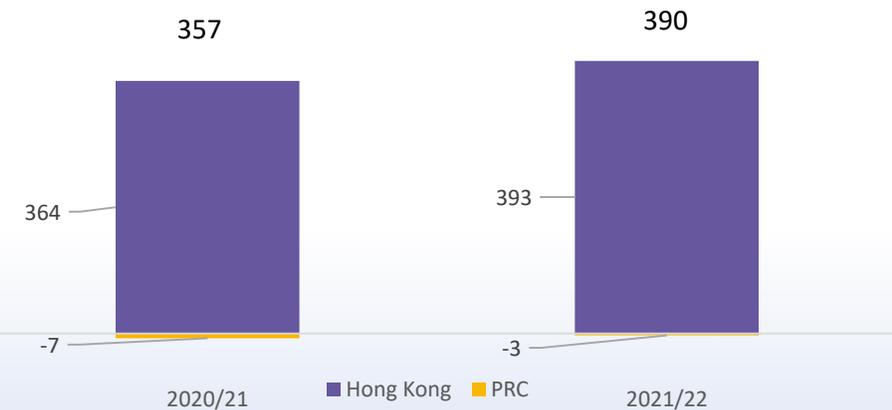
(C) Segment Revenue by Geographical Location



(B) Segment Results by Product



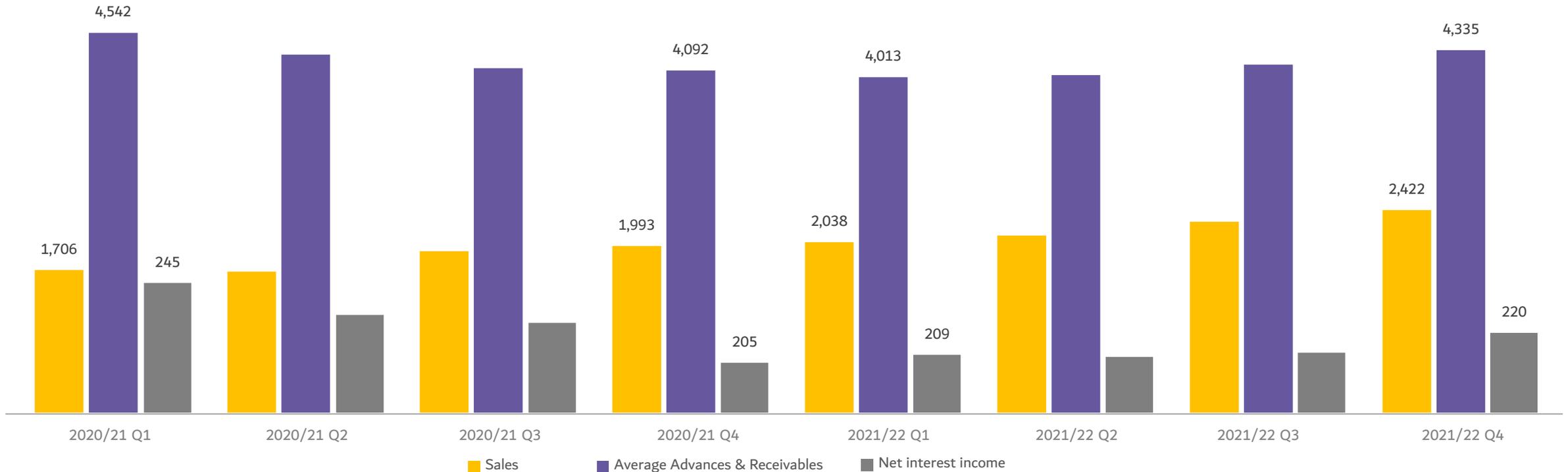
(D) Segment Results by Geographical Location



Moving Trend of Sales, Average Advances & Receivables Balance & Net Interest Income

(1) Sales and Advances & Receivables Balance - Returned to Growth
(2) Net Interest income – Back on an Upward Trend

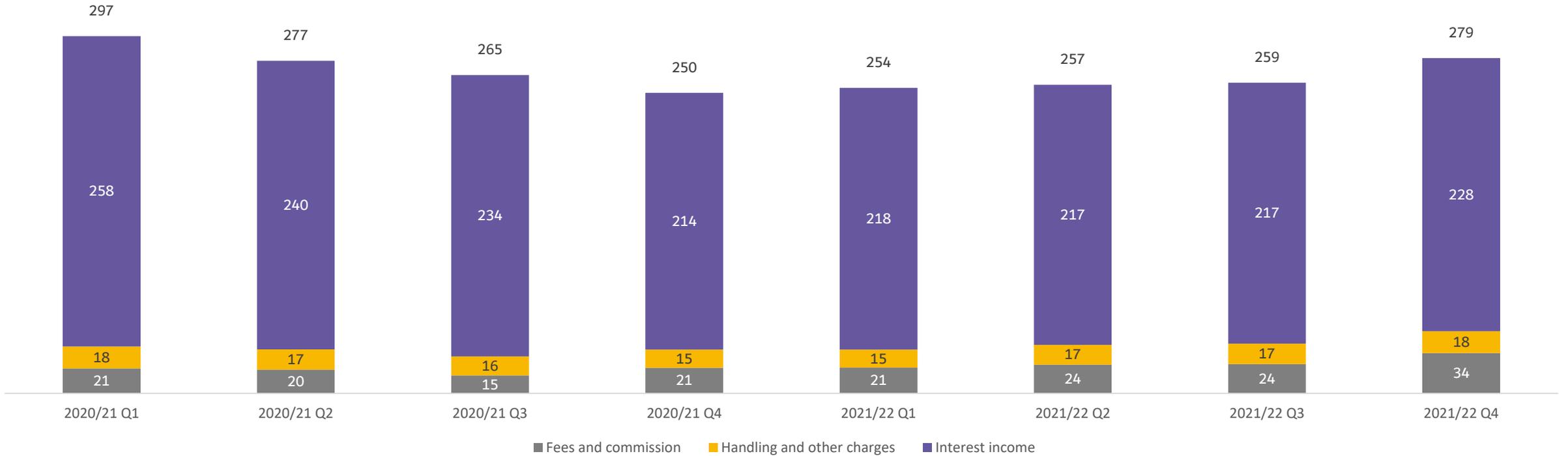
Unit: HK\$ Million



- Sales started to pick up in the third quarter of 2020/21
- Average Advances & Receivables started to pick up in the second quarter of 2021/22
- Net interest income achieved an upward trend in the fourth quarter of 2021/22
- Net interest income for 2021/22 : HK\$847 million

Revenue Back on an Upward Trend

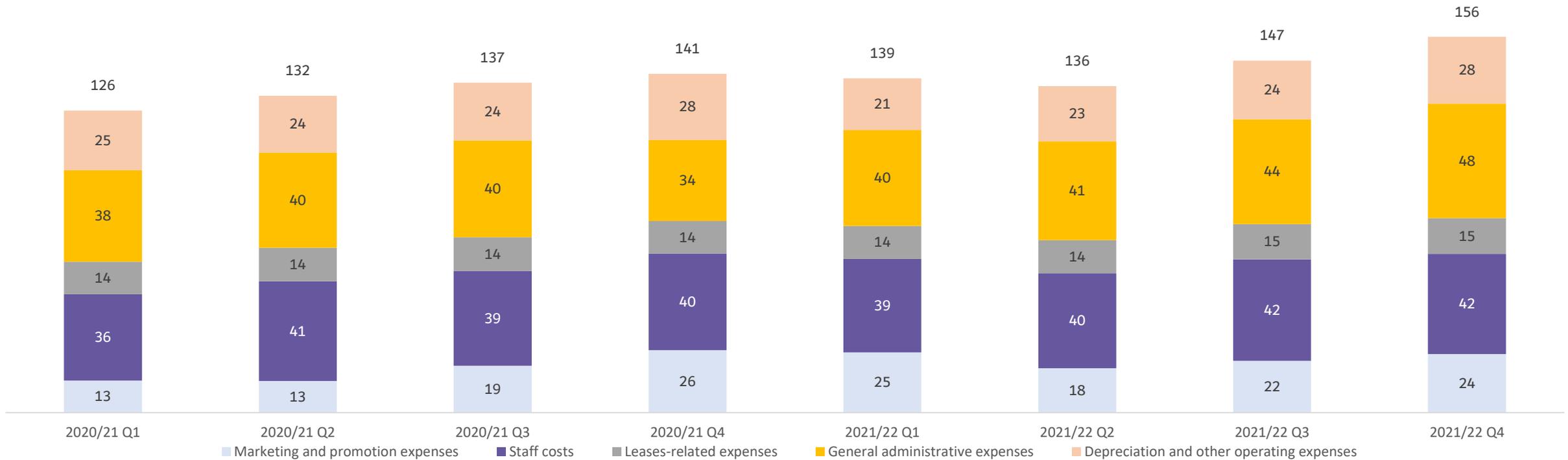
Unit: HK\$ Million



- Revenue started to pick up since the first quarter of 2021/22
- Interest income achieved an upward trend in the fourth quarter of 2021/22
- With the increase in credit card sales and launch of off-us acquiring service for AEON Stores, fees and commission continued to grow
- Revenue for 2021/22: HK\$ 1,050 million

Effective Cost Control for Growth

Unit: HK\$ Million

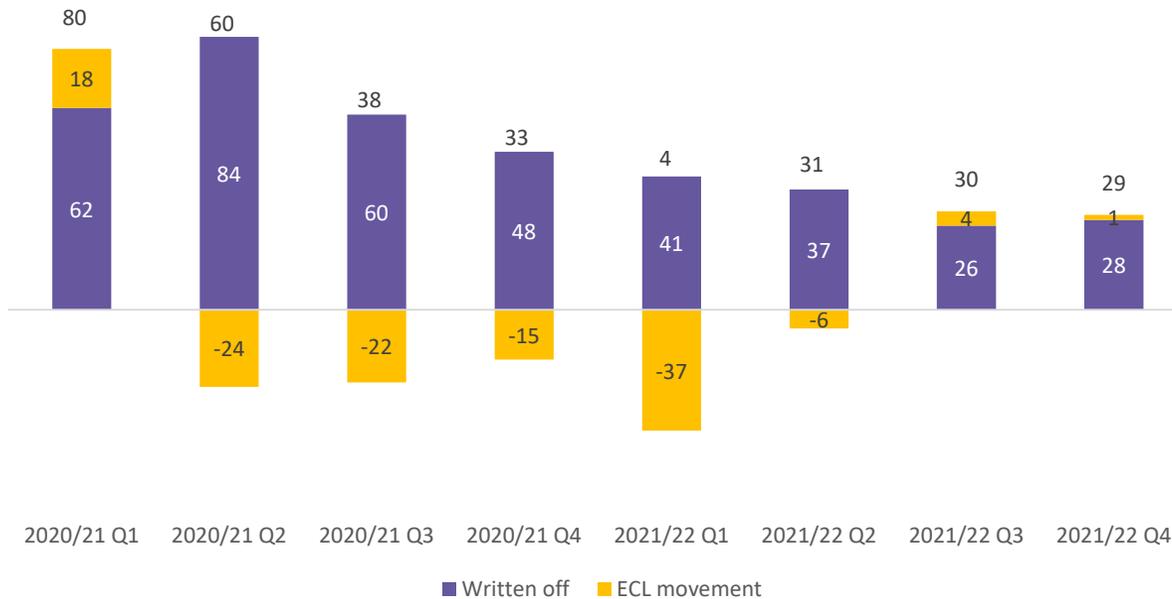


- Increase in marketing and promotion expenses – drive sales
- Increase in general administrative expenses – upgrade card features and expansion of acquiring service
- Increase in staff costs – cater upcoming technology upgrade and economy’s recovery
- Cost-to-income ratio: 2021/22: 56.6%, 2020/21: 50.4%

Impairment Losses and Impairment Allowances

Credit Performance – Substantial Improvement

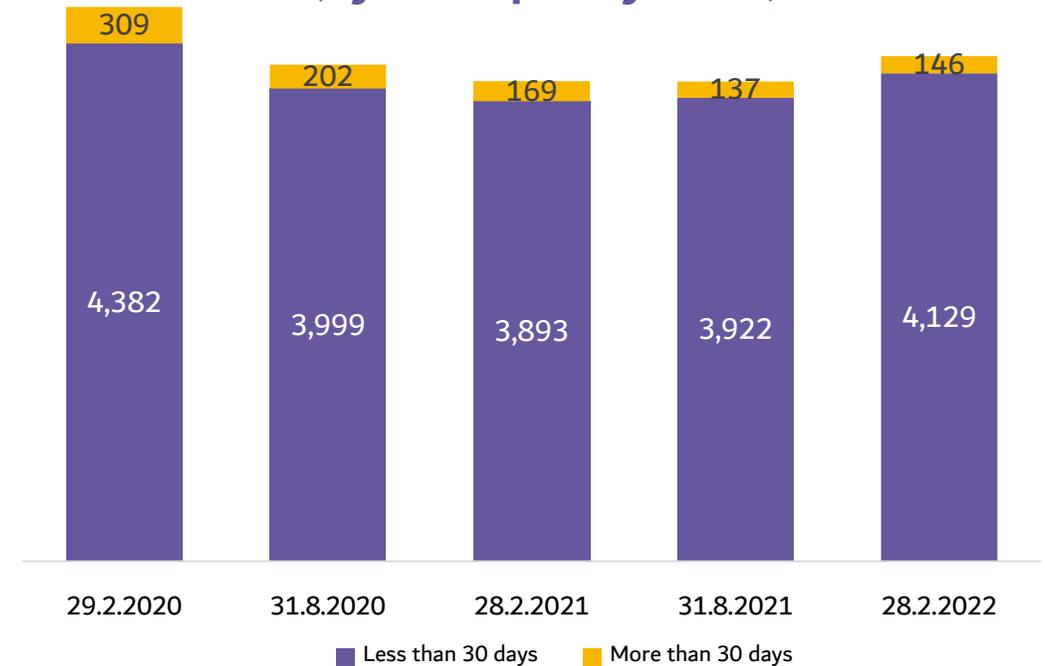
Unit: HK\$ Million



- Overdue Advances and Receivables ratio: 6.7% (29.2.2020) → 4.1% (28.2.2021) → 3.5% (28.2.2022)
- Continued drop in written-off amount
- Economic bounce back from a lower level in first quarter of 2021/22
- Impairment losses and impairment allowances: 2021/22: HK\$94 million, 2020/21: HK\$ 211 million

Advances and Receivables

(by Delinquency Level)

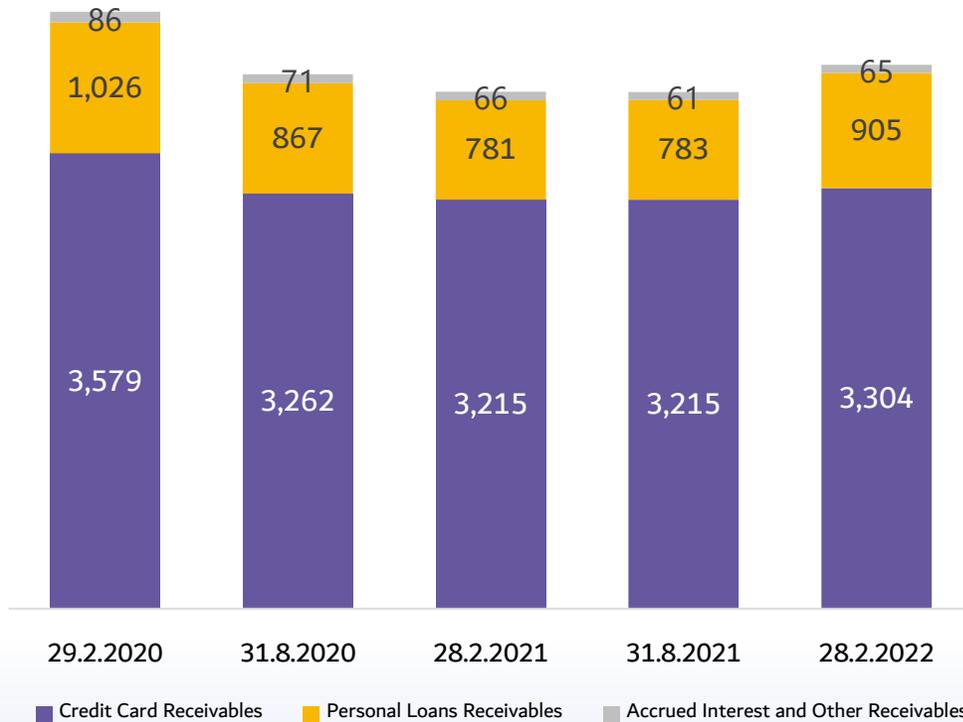


Overdue/Principal Total Ratio				
29.2.2020	31.8.2020	28.2.2021	31.8.2021	28.2.2022
6.7%	4.8%	4.1%	3.4%	3.5%

Advances & Receivables, Impairment Allowances

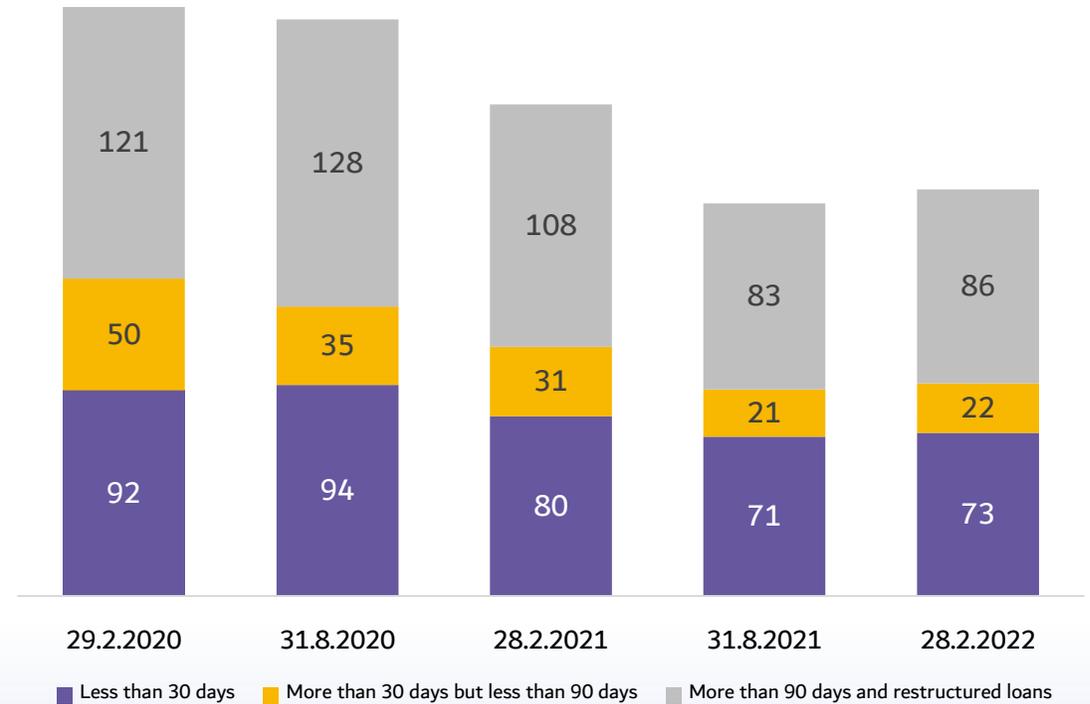
Advances and Receivables

Unit: HK\$ Million



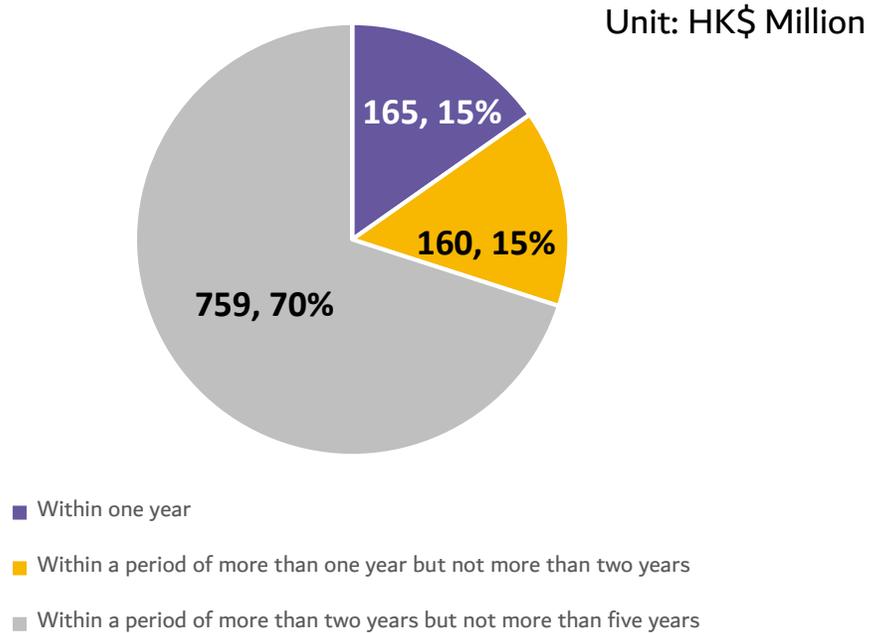
Impairment Allowances

Unit: HK\$ Million



Strong Capital Base and Stable Funding Source

Maturity Profile of Bank Borrowings



Liquidity Risk

Unit: HK\$ Million

Maturity profile as at 28.2.2022	Maturity Profile			Total
	Within 3 months	More than 3 months but less than 1 year	More than 1 year but not more than 5 years	
Advances and Receivables	2,696	646	751	4,093
Bank borrowings	-	165	919	1,084
Net expected cash inflow (outflow)	2,696	481	(168)	3,009

Net debt to equity ratio: 0.1

- Evenly distributed maturity profile of bank borrowings
- No liquidity risk
- Strong Capital base

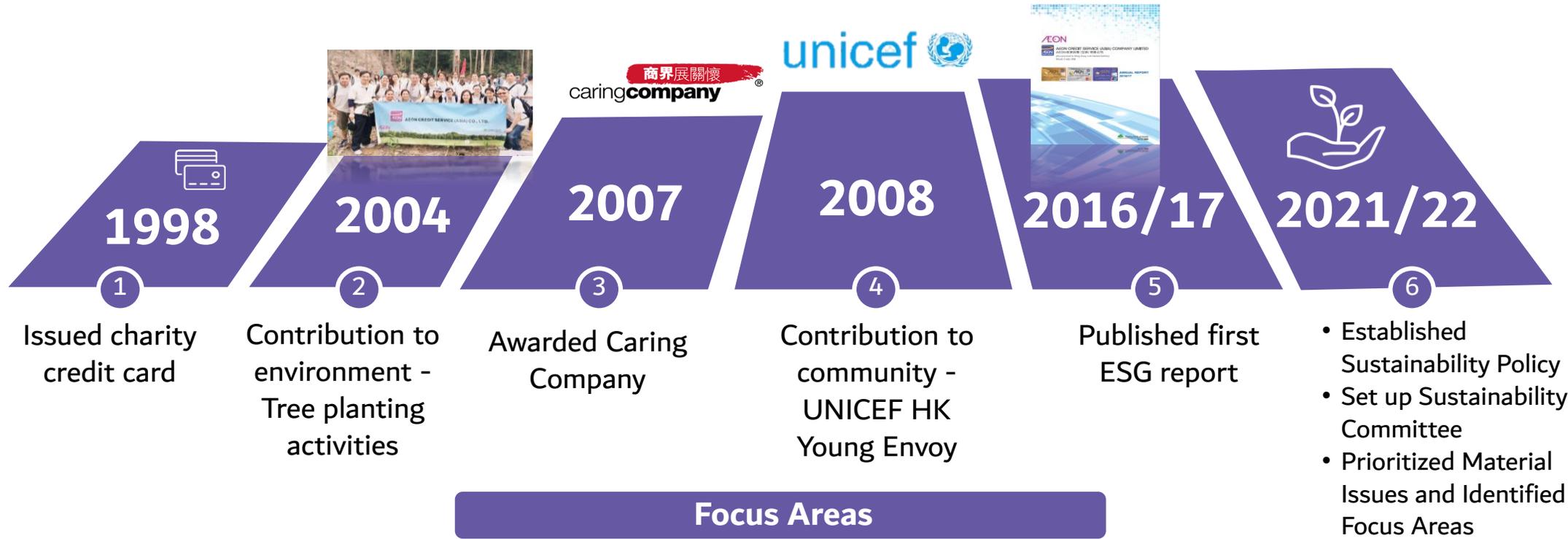
Operational Review & Growth Strategies



- Enhance “AEON HK” Mobile App
- Expansion of Card Acquiring Business
- Extension of Branch Network
- Revamp of Group Structure

- For marketing, a new credit card product targeting the younger generations will be launched to expand the customer base
- For technology development, three major projects in 2022/23:
 - the Card and Loan system replacement project
 - the Netmember and Mobile application revamp project
 - the DataLake project
- For the Mainland China operations,
 - AMF (Shenzhen) - focus on its expansion by launching more loan products
 - AIS - business process support arm of the Group and seek new external business opportunities

Our Sustainability Roadmap



Focus Areas



Thank You!



Q&A Session

