

Press Release

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AEON CREDIT POSTS PAT OF RM163.1 MILLION FOR Q1FYE22

The Company records lower impairment losses as the Company continues to remain disciplined in managing healthy asset quality

KUALA LUMPUR, 6 JULY 2021 – AEON Credit Service (M) Berhad (“**AEON Credit**” or “**Company**”) posted a 5.4% rise in revenue of RM410.97 million for the first quarter ended 31 May 2021 (“**Q1FYE22**”) as compared to the RM389.88 million achieved in the corresponding quarter of last year (“**Q1FYE21**”).

The Company’s total transaction and financing volume in Q1FYE22 had increased by 80.9% to RM1.41 billion as compared to Q1FYE21 which was then heavily impacted by the Movement Control Order (“MCO”) imposed by the Malaysian Government in March 2020. Q1FYE22’s transaction and financing volume also saw an increased by 11.5% as compared to preceding quarter (“**Q4FYE21**”), which registered at RM1.26 billion.

Accordingly, both profit before tax (“**PBT**”) and profit after tax (“**PAT**”) were recorded at RM215.86 million and RM163.09 million, significantly increased by 482.0% and 520.6% compared to RM37.09 million and RM26.28 million recorded for Q1FYE21 respectively. The higher PBT was mainly due to lower impairment loss and prudent cost management recorded in the current quarter.

The Company’s gross financing receivables in Q1FY22 registered a slight decrease of RM460.07 million to RM10.06 billion compared to RM10.52 billion recorded in Q1FYE21. The Non-Performing Loans (“**NPL**”) ratio stood at 1.75% as of 31 May 2021 compared to 1.42% as of 31 May 2020.

The ratio of total operating expense against revenue was recorded at 38.6% for the current quarter as compared to 71.2% in Q1FYE21. The decrease was mainly due to lower allowance for impairment losses on financing receivables of RM23.25 million as compared to RM174.37 million in Q1FYE21.

AEON Credit Service (M) Berhad Chairman, Ng Eng Kiat said, “Earlier this year, we witnessed the Malaysian Gross Domestic Product (“GDP”) improved with a slower contraction of 0.5% year-on-year compared to 3.4% contraction recorded at the end of 2020. The improvement was due to the growing domestic demand and strong exports performance. Subsequently, Bank Negara Malaysia has forecasted the domestic economy

to grow between 6.0% and 7.5% on the back of the stronger domestic demand. However, downside risks to growth still remain as the reimposition of the full Movement Control Order (“MCO”) by the government will result in the potential slowdown of business transactions for the coming quarters. Eventhough the continued growth of the domestic economy will depend on the developments of the pandemic, we believe that the continued roll-out of COVID-19 vaccines both globally and domestically will reflect positively on the Malaysian economy”.

Ng added, “The MCO is especially tough for our customers and for us, thus we have been proactively engaging with our customers to further understand their current financial needs and providing them with suitable financial assistance programs. On a positive note, the Company managed to recover its sales and business performance despite the challenges that we faced in the preceding quarter. After a year of sustaining our business operations with healthy asset quality to overcome the pandemic impact and robust actions were taken towards our recovery, our efforts have resulted in improvement and profitability. We had been resilient posed by the pandemic and despite the odds; we managed to recover our business performance.

Ng said that the Company will continue to closely monitor and assess the inherent credit risks in its financing portfolio, with focused attention on the enhancement of asset quality, prudent cost management, as well as the improvement of financial and operational efficiencies by leveraging on the Company’s positive business fundamentals. AEON Credit is fully committed to accelerating its digital transformation and cost efficiency capabilities to pursue further growth.

“Moving forward, having taken full consideration of the impact of the pandemic and the uncertainties which lie ahead, we are hopeful that the Company is in a position to grow our business further and to maintain our financial performance for the year”, said Ng.

ABOUT AEON CREDIT SERVICE (M) BERHAD

AEON Credit Service (M) Berhad (“AEON Credit” or the “Company”) was incorporated on 6 December 1996 and was converted into a public limited company on 9 February 2007 and listed on the Main Market at Bursa Malaysia Securities Berhad on 12 December 2007. AEON Credit commenced operations in 1997 by providing Easy Payment schemes for purchase of consumer durables through appointed retail merchants and chain stores.

Today, the business of the Company had expanded to include issuance of Credit Cards, Prepaid Card, Easy Payment, hire purchases financing for motor vehicles, Personal Financing schemes, insurance sales business and other services.

The Company currently has five Regional Offices, 64 branches and Service Centres located in the major shopping centres and towns and a network of more than 13,479 participating merchant outlets nationwide.

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