



AEON Credit Service (M) Berhad

(Registration No. 199601040414 (412767-V))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2023

	Note	Unaudited Individual quarter			Unaudited Cumulative quarter		
		3 months ended			9 months ended		
		30.11.2023 RM'000	30.11.2022 RM'000	Changes %	30.11.2023 RM'000	30.11.2022 RM'000	Changes %
Revenue	B4	486,513	417,839	16.4%	1,410,917	1,207,581	16.8%
Total operating expenses		(333,556)	(279,699)	19.3%	(893,993)	(703,990)	27.0%
Other income		48,519	42,201	15.0%	147,221	148,734	-1.0%
Profit from operations	B5(a)	201,476	180,341	11.7%	664,145	652,325	1.8%
Interest expense	B6	(90,042)	(78,758)	14.3%	(261,566)	(235,160)	11.2%
Profit before tax		111,434	101,583	9.7%	402,579	417,165	-3.5%
Taxation	B7	(25,888)	(17,956)	44.2%	(97,481)	(94,820)	2.8%
Profit for the period		85,546	83,627	2.3%	305,098	322,345	-5.4%
Other comprehensive income/(loss), net of tax	B5(b)						
<i>Item that may be reclassified subsequently to profit or loss:</i>							
Net changes in cash flow hedge		(397)	18,922	-102.1%	15,114	65,736	-77.0%
<i>Item that will not be reclassified subsequently to profit or loss:</i>							
Net fair value changes through other comprehensive income		-	(1,349)	100.0%	231	634	-63.6%
Total comprehensive income for the period		85,149	101,200	-15.9%	320,443	388,715	-17.6%
Profit attributable to equity holders of the Company		85,546	83,627	2.3%	305,098	322,345	-5.4%
Total comprehensive income attributable to equity holders of the Company		85,149	101,200	-15.9%	320,443	388,715	-17.6%
Earnings per share attributable to owners of the Company (sen)							
Basic	B14	16.75	16.38*	2.3%	58.76	62.14*	-5.4%

* For comparative purpose, the earnings per share for the quarter and year-to-date ended 30 November 2022 have been restated to reflect the Bonus Issue of 1 for 1 which was completed on 21 November 2023

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 28 February 2023 and the accompanying notes to the quarterly report attached hereto.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2023

	Note	Unaudited As at 30.11.2023 RM'000	Audited As at 28.2.2023 RM'000
ASSETS			
Non-current Assets			
Plant and equipment		108,502	114,999
Right-of-use assets		30,614	37,887
Other investments		26,852	26,621
Goodwill on consolidation		511	511
Deferred tax assets		182,968	197,708
Financing receivables		7,743,935	6,896,996
Total Non-current Assets		8,093,382	7,274,722
Current Assets			
Financing receivables		3,403,142	3,151,617
Trade receivables		3,339	1,080
Other receivables, deposits and prepayments		58,603	60,494
Amount owing by related companies		14,319	11,182
Derivative financial assets	B8	369,483	226,666
Cash, bank balances and deposits		291,025	391,337
Total Current Assets		4,139,911	3,842,376
TOTAL ASSETS		12,233,293	11,117,098
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		584,012	584,012
Hedging reserve		4,866	(10,248)
Fair value reserve		5,189	4,958
Retained earnings		1,919,506	1,746,108
Equity attributable to ordinary equity holders of the Company		2,513,573	2,324,830
Perpetual notes and sukuk		200,000	200,000
Total Equity		2,713,573	2,524,830



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2023 (Continued)

	Note	Unaudited As at 30.11.2023 RM'000	Audited As at 28.2.2023 RM'000
Non-current Liabilities			
Borrowings	B11	5,769,124	6,178,775
Lease liabilities		<u>15,892</u>	<u>20,389</u>
Total Non-current Liabilities		<u>5,785,016</u>	<u>6,199,164</u>
Current Liabilities			
Borrowings	B11	3,205,048	1,828,194
Trade payables		35,516	32,510
Other payables and accruals		381,606	406,806
Amount owing to immediate holding company		3,441	10,355
Amount owing to related companies		3,480	5,091
Derivative financial liabilities	B8	58,391	52,776
Lease liabilities		16,418	17,704
Tax liabilities		<u>30,804</u>	<u>39,668</u>
Total Current Liabilities		<u>3,734,704</u>	<u>2,393,104</u>
Total Liabilities		<u>9,519,720</u>	<u>8,592,268</u>
TOTAL EQUITY AND LIABILITIES		<u>12,233,293</u>	<u>11,117,098</u>
Net assets per share (RM)		4.92	4.55 *
Number of ordinary shares ('000)		510,615	255,308
Capital adequacy ratio (%)		25.97	27.11

* For comparative purpose, the net assets per share has been restated to reflect the Bonus Issue of 1 for 1 which was completed on 21 November 2023

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 28 February 2023 and the accompanying notes to the quarterly report attached hereto.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2023

	← <u>Non-distributable</u> →			<u>Distributable</u>		
	Share capital	Perpetual notes and sukuk	Hedging reserve	Fair value reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 March 2022	584,012	200,000	(49,199)	4,062	1,462,411	2,201,286
Cash flow hedge, net of tax	-	-	65,736	-	-	65,736
Fair value through other comprehensive income	-	-	-	634	-	634
Profit for the period	-	-	-	-	322,345	322,345
Total comprehensive income for the period	-	-	65,736	634	322,345	388,715
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	(5,040)	(5,040)
Dividends	-	-	-	-	(123,825)	(123,825)
At 30 November 2022	584,012	200,000	16,537	4,696	1,655,891	2,461,136

	← <u>Non-distributable</u> →			<u>Distributable</u>		
	Share capital	Perpetual notes and sukuk	Hedging reserve	Fair value reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 March 2023	584,012	200,000	(10,248)	4,958	1,746,108	2,524,830
Cash flow hedge, net of tax	-	-	15,114	-	-	15,114
Fair value through other comprehensive income	-	-	-	231	-	231
Profit for the period	-	-	-	-	305,098	305,098
Total comprehensive income for the period	-	-	15,114	231	305,098	320,443
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	(5,040)	(5,040)
Bonus issuance cost	-	-	-	-	(283)	(283)
Dividends	-	-	-	-	(126,377)	(126,377)
At 30 November 2023	584,012	200,000	4,866	5,189	1,919,506	2,713,573

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 28 February 2023 and the accompanying notes to the quarterly report attached hereto.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2023

	30.11.2023 RM'000	30.11.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	402,579	417,165
Adjustments for:		
Interest income	(8,156)	(5,682)
Dividend income	(4)	(9)
Finance costs	260,466	233,766
Interest expenses on lease liabilities	1,100	1,394
Gain on disposal of plant and equipment	(39)	(10)
Depreciation of plant and equipment	29,554	31,479
Depreciation of right-of-use assets	15,133	15,907
(Reversal)/Allowance for impairment loss on financing receivables	(31,587)	42,383
Write-off on financing receivables	487,515	288,251
Allowance for impairment loss on trade receivables	27	-
Write-off of plant and equipment	17	164
Operating profit before changes in working capital	1,156,605	1,024,808
Changes in working capital:		
Financing receivables	(1,554,392)	(1,023,336)
Trade receivables	(2,286)	605
Other receivables, deposits and prepayments	1,891	4,230
Amount owing by related companies	(3,137)	6,986
Trade payables	3,006	555
Other payables and accruals	(33,224)	35,714
Amount owing to immediate holding company	(6,914)	(1,291)
Amount owing to related companies	(1,611)	(731)
Cash held in trust for customers	(1,720)	(8,060)
Cash used in operations	(441,782)	39,480
Tax paid	(94,786)	(100,798)
Net cash used in operating activities	(536,568)	(61,318)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(23,467)	(11,569)
Proceeds from disposal of plant and equipment	432	10
Interest received	8,156	5,682
Dividend received	4	9
Net cash used in investing activities	(14,875)	(5,868)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2023 (Continued)

	30.11.2023 RM'000	30.11.2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to equity holders of the Company	(126,377)	(123,825)
Proceeds from bank borrowings	2,880,000	500,000
Repayment of bank borrowings	(2,030,000)	(299,822)
Bonus issuance expense	(283)	-
Repayment of lease liabilities	(14,743)	(17,026)
Increase in deposits held in trust account	(101)	28
Distribution paid to perpetual notes and sukuk holders	(6,632)	(6,632)
Finance costs paid	(252,554)	(227,419)
Net cash from/(used in) financing activities	449,310	(174,696)
Net decrease in cash and cash equivalents	(102,133)	(241,882)
Cash and cash equivalents at beginning of year	341,790	468,233
Cash and cash equivalents at end of period	239,657	226,351

Cash and cash equivalents included in the statement of cash flows comprised the following statement of financial position amounts:

	30.11.2023 RM'000	30.11.2022 RM'000
Cash and bank balances	76,834	83,241
Deposits placed with licensed financial institutions	214,191	191,869
	291,025	275,110
Cash held in trust for customers	(51,131)	(48,624)
Deposits held in trust account	(237)	(135)
	239,657	226,351

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 28 February 2023 and the accompanying notes to the quarterly report attached hereto.



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Notes to the interim financial report for the financial period ended 30 November 2023

A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (“MFRS 134”)

A1 Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 28 February 2023. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 28 February 2023.

A2 Significant accounting policies

The significant accounting policies and methods of computation adopted in these interim financial statements are consistent with those adopted in the latest audited financial statements, except for the following:

Adoption of new and revised Malaysian Financial Reporting Standards (“MFRSs”)

In the current financial year, the Group adopted the following amendments to MFRSs issued by the MASB that are effective for annual financial periods beginning on or after 1 March 2023:

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 4 *Extension of the Temporary Exemption from Applying MFRS 9*
- Amendments to MFRS 101 *Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Definition of Accounting Estimates*
- Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to MFRS 17 *Initial Application of MFRS 9 and MFRS 17 - Comparative Information*

The adoption of these amendments to MFRSs did not have any material impact on the financial performance or position of the Group for the current financial period.

Amendments to MFRSs in issue but not yet effective

At the date of authorisation for issue of these financial statements, the relevant Amendments to MFRSs, which were in issue but not yet effective and not early adopted by the Group are as listed below:

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Non-current Liabilities with Covenants*
- Amendments to MFRS 107 and MFRS 7 *Supplier Finance Arrangements*

Effective date of these Amendments to Standards has been deferred, and yet to be announced

- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*



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A2 Significant accounting policies (Continued)

The Group will adopt the above standards and amendments when they become effective and the adoption of these amendments is not expected to have any material impact on the financial statements of the Group in the period of initial application.

A3 Seasonal or Cyclical Factors

The Group normally benefits from the traditionally higher levels of consumer spending during festive seasons in Malaysia.

A4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the financial period under review.

A5 Changes in Estimates

There were no material changes in the nature and amount of estimates reported in prior interim periods or prior financial years that have a material effect in the current financial period under review.

A6 Debt and Equity Securities

There were no other issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current financial period under review except as disclosed below.

Subsequent to the approvals obtained from Bursa Securities on 31 July 2023 and shareholders' approval via an Extraordinary General Meeting held on 16 October 2023, the Company had on 21 November 2023 announced the listing and quotation of 255,307,690 Bonus Shares.

Upon completion of the Bonus Issue, the total issued and paid-up share capital of the Company is RM584,011,570 comprising 510,615,380 ordinary shares.



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A7 Dividend Paid

	Cumulative quarter	
	Current Year	Preceding Year
	Year-To-Date	Year-To-Date
	<u>30.11.2023</u>	<u>30.11.2022</u>
	RM'000	RM'000
In respect of the financial year ended 28 February 2022		
- Final single-tier dividend of 15.00 sen per ordinary share	-	38,296
- Special single-tier dividend of 5.00 sen per ordinary share	-	12,766
In respect of the financial year ended 28 February 2023		
- Interim single-tier dividend 28.50 sen per ordinary share	-	72,763
- Final single-tier dividend of 21.00 sen per ordinary share	53,614	-
In respect of the financial year ending 29 February 2024		
- Interim single-tier dividend 28.50 sen per ordinary share	72,763	-
	<u>126,377</u>	<u>123,825</u>

A8 Segmental Reporting

The Company is principally engaged in the provision of easy payment schemes for purchase of consumer durables and vehicles, personal financing schemes and credit cards business, all of which are categorised under consumer financing business. The contribution from the subsidiary company which is principally engaged in the business operation as an insurance broker remains insignificant to the Group during the current financial period under review.

On this basis, the Managing Director ("MD") reviews the business performance of the Group as a whole.

A9 Subsequent Event

There were no material events subsequent to the end of the current period under review up to the date of this report, which are likely to substantially affect the results of the quarter under review except as disclosed below.

Subsequent to the approvals obtained from shareholders via an Extraordinary General Meeting held on 16 October 2023, the Company had on 1 December 2023 subscribed for 175 million ACS Digital Berhad ("ACSD") Shares for RM175.00 million and the ACSD Shares have been allotted and issued to the Company on even date. Prior to the subscription of ACSD Shares by the Company, AEON Financial Service Co., Ltd. ("AFS") held the entire share capital of ACSD consisting of 175 million ACSD Shares. Accordingly, each of AFS and the Company now holds 175 million ACSD shares in the proportion of 50:50 (totalling 350 million ACSD Shares). As such, the subscription by the Company and AFS for, and the issuance by ACSD of, the ACSD Shares pursuant to the Shareholders' Agreement between parties was completed on 1 December 2023 and ACSD has become an associated company of the Group.

A10 Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.



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A11 Fair Value Measurement

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30.11.2023				
<u>Financial assets</u>				
Other investments	165	-	26,687	26,852
Derivatives designated as hedging instruments	-	369,483	-	369,483
Total financial assets carried at fair value	165	369,483	26,687	396,335
<u>Financial liabilities</u>				
Derivatives designated as hedging instruments	-	58,391	-	58,391
Total financial liabilities carried at fair value	-	58,391	-	58,391
28.2.2023				
<u>Financial assets</u>				
Other investments	238	-	26,383	26,621
Derivatives designated as hedging instruments	-	226,666	-	226,666
Total financial assets carried at fair value	238	226,666	26,383	253,287
<u>Financial liabilities</u>				
Derivatives designated as hedging instruments	-	52,776	-	52,776
Total financial liabilities carried at fair value	-	52,776	-	52,776

A12 Contingent Liabilities and Contingent Assets

The Group did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 30 November 2023 and up to the date of this announcement.

A13 Related Party Transactions

During the current quarter under review and up to the date of this announcement, the Group did not enter into any significant Related Party Transactions or Recurrent Related Party Transactions of revenue or trading nature other than those that had been mandated by the shareholders during the Annual General Meeting held on 21 June 2023.

A14 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for amounted to RM12.875 million as at 30 November 2023.



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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

B1 Performance Review

	Individual quarter 3 months ended			Cumulative quarter 9 months ended		
	30.11.2023 RM'000	30.11.2022 RM'000	Changes %	30.11.2023 RM'000	30.11.2022 RM'000	Changes %
Transaction and financing volume	1,823,911	1,548,581	17.8%	5,446,135	4,647,676	17.2%
Revenue	486,513	417,839	16.4%	1,410,917	1,207,581	16.8%
Total operating expenses	(333,556)	(279,699)	19.3%	(893,993)	(703,990)	27.0%
Other income	48,519	42,201	15.0%	147,221	148,734	-1.0%
Profit from operations	201,476	180,341	11.7%	664,145	652,325	1.8%
Profit before tax	111,434	101,583	9.7%	402,579	417,165	-3.5%
Profit for the period	85,546	83,627	2.3%	305,098	322,345	-5.4%

i) Current Quarter vs Preceding Year Corresponding Quarter

Total transaction and financing volume in the current quarter of RM1.824 billion was higher by 17.8% as compared to preceding year corresponding quarter. The Group recorded a total revenue of RM486.513 million, which was higher by 16.4% as compared to the preceding year corresponding quarter mainly attributable to stronger loan and financing growth.

The gross financing receivables as at 30 November 2023 of RM11.903 billion was higher by RM1.310 billion as compared to 30 November 2022. The net financing receivables after allowance for impairment loss was RM11.147 billion as at 30 November 2023 as compared to RM9.749 billion as at 30 November 2022. Non-Performing Loans ("NPL") ratio was 2.73% as at 30 November 2023 as compared to 2.52% as at 30 November 2022, and corrective actions have been taken to address the NPL ratio increase.

Other income for the current quarter was recorded at RM48.519 million mainly due to bad debt recoveries.

The ratio of total operating expenses against revenue for the current quarter was recorded at 68.6% as compared to 66.9% in the preceding year corresponding quarter. The marginal increase in operating expenses was mainly due to higher impairment losses on financial receivables of RM182.818 million as compared to RM143.406 million for the preceding year corresponding quarter and higher operating expenses in line with the higher transaction and financial volume, compensated by the higher revenue recorded.

Interest expense for the current quarter was higher by 14.3% as compared to the preceding year corresponding quarter mainly due to higher borrowings in line with the receivables growth. The nominal value of borrowings as at 30 November 2023 was RM8.669 billion as compared to RM7.571 billion as at 30 November 2022.

Profit before tax ("PBT") for the current quarter of RM111.434 million increased by 9.7% as compared to the preceding year corresponding quarter.



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B1 Performance Review (Continued)

ii) Current Year-to-date vs Preceding Year-to-date

Total transaction and financing volume for the financial period-to-date grew by 17.2% to RM5.446 billion compared to preceding year corresponding period. As a result, total revenue registered for the financial period-to-date of RM1.411 billion increased by 16.8% compared to RM1.208 billion recorded in the preceding year corresponding period.

The Group recorded a lower PBT of RM402.579 million for the financial period-to-date as compared to RM417.165 million in the preceding year corresponding period. The lower profit was mainly due to the higher impairment losses on financing receivables that reflected an increase of RM125.294 million. Loan loss coverage ratio stood at 233% as at 30 November 2023 as compared to 297% as at 30 November 2022.

B2 Financial Review of Profit before Taxation for Current Quarter Compared with Immediate Preceding Quarter

	Current Quarter 30.11.2023 RM'000	Immediate Preceding Quarter 31.8.2023 RM'000	Changes %
Transaction and financing volume	1,823,911	1,789,890	1.9%
Revenue	486,513	471,730	3.1%
Total operating expenses	(333,556)	(275,186)	21.2%
Other income	48,519	49,482	-1.9%
Profit from operations	201,476	246,026	-18.1%
Profit before tax	111,434	159,231	-30.0%
Profit for the period	85,546	120,189	-28.8%

PBT for the current quarter decreased by 30.0% to RM111.434 million from RM159.231 million recorded in the immediate preceding quarter. The lower PBT was mainly contributed by the higher impairment losses of RM182.818 million recorded in the current quarter as compared to RM120.574 million for the immediate preceding quarter, compensated by the higher revenue recorded.

B3 Current Year Prospects

Malaysia's Gross Domestic Product grew by 3.3% in the third quarter of 2023 as compared to 2.9% in the second quarter of 2023 sustained by resilient domestic demand. Amid a challenging global environment, Bank Negara Malaysia is forecasting the Malaysian economy to expand by around 4.0% in 2023, supported by domestic demand, improved labour market conditions, heightened in tourism activities and the continued progress of infrastructure projects.

The Group remains cautious on the outlook for the remaining period of the financial year in view of an anticipated deceleration in global economic growth, rising geopolitical tensions and prevailing volatility in the global financial markets. Nevertheless, the Group will continue to closely monitor its asset quality and assess the inherent credit risks in its financing portfolios, adopt prudent cost management and improve on financial and operational efficiencies by leveraging on its positive business fundamentals. To fortify its long-term business sustainability, the Group will continuously enhance its information technology capabilities to support its future growth. Barring any unforeseen circumstances, the Group expects to be able to maintain its financial performance by putting in place the appropriate measures for the financial year ending 29 February 2024.



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B4 Revenue

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	<u>30.11.2023</u>	<u>30.11.2022</u>	<u>30.11.2023</u>	<u>30.11.2022</u>
	RM'000	RM'000	RM'000	RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	432,177	370,166	1,249,072	1,061,596
Fee income	54,336	47,673	161,845	145,985
	<u>486,513</u>	<u>417,839</u>	<u>1,410,917</u>	<u>1,207,581</u>

B5 Notes to the Statement of Comprehensive Income

Except as disclosed below, other disclosure items in item 16 of Appendix 9B of Bursa Securities' Listing Requirements are not applicable:

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	<u>30.11.2023</u>	<u>30.11.2022</u>	<u>30.11.2023</u>	<u>30.11.2022</u>
	RM'000	RM'000	RM'000	RM'000
(a) Included in Profit from operations:				
Bad debts recovered	45,683	39,011	137,685	137,582
Interest income	2,682	1,671	8,156	5,682
Dividend income	-	2	4	9
Gain on disposal of plant and equipment	32	10	39	10
Depreciation of plant and equipment	(9,769)	(10,577)	(29,554)	(31,479)
Depreciation of right-of-use assets	(5,116)	(5,226)	(15,133)	(15,907)
(Reversal)/Allowance for impairment loss on financing receivables	(1,101)	34,831	31,587	(42,383)
Write-off on financing receivables	(181,717)	(178,237)	(487,515)	(288,251)
Write-off of plant and equipment	-	-	(17)	(164)
Allowance for impairment loss on trade receivables	(13)	-	(27)	-
(b) Included in Other comprehensive income:				
Net changes in cash flow hedge	(397)	18,922	15,114	65,736
Net fair value changes on equity instruments through other comprehensive income	-	(1,349)	231	634



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B6 Interest expense

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	<u>30.11.2023</u>	<u>30.11.2022</u>	<u>30.11.2023</u>	<u>30.11.2022</u>
	RM'000	RM'000	RM'000	RM'000
Interest expense on financial liabilities that are not stated at fair value through profit or loss:				
Term loans/financing	77,372	70,143	229,602	211,604
Senior and subordinated sukuk	9,485	6,831	23,248	20,612
Islamic commercial paper	877	119	2,439	298
Revolving credits	1,964	1,211	5,129	1,252
Bank overdraft	-	-	48	-
	<u>89,698</u>	<u>78,304</u>	<u>260,466</u>	<u>233,766</u>
Interest on lease liabilities	344	454	1,100	1,394
	<u>90,042</u>	<u>78,758</u>	<u>261,566</u>	<u>235,160</u>

B7 Taxation

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	<u>30.11.2023</u>	<u>30.11.2022</u>	<u>30.11.2023</u>	<u>30.11.2022</u>
	RM'000	RM'000	RM'000	RM'000
Income tax payable:				
- current period	29,809	26,462	87,599	98,370
- over provision in prior years	(85)	(8,080)	(85)	(8,080)
	<u>29,724</u>	<u>18,382</u>	<u>87,514</u>	<u>90,290</u>
Deferred tax:				
- current period	(2,307)	(1,710)	11,496	3,246
- (over)/under provision in prior years	(1,529)	1,284	(1,529)	1,284
	<u>(3,836)</u>	<u>(426)</u>	<u>9,967</u>	<u>4,530</u>
	<u>25,888</u>	<u>17,956</u>	<u>97,481</u>	<u>94,820</u>

The Group's effective tax rate for the current quarter was lower than the statutory tax rate of 24% due to the reversal of deferred tax while the current year-to-date tax rate was higher than the statutory tax rate of 24% as certain expenses were not deductible for tax purpose.



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B8 Derivatives and Fair Value Changes of Financial Instruments

(a) Details of derivative financial instruments outstanding as at 30 November 2023 are as follows:

	Notional Amount		Fair Value	
	30.11.2023	28.2.2023	30.11.2023	28.2.2023
	RM'000	RM'000	RM'000	RM'000
<u>Derivative financial assets</u>				
<u>Cross currency swaps:</u>				
Less than 1 year	1,195,048	718,194	140,751	59,587
1 – 3 years	1,811,786	1,634,395	179,774	107,235
More than 3 years	384,271	864,165	48,958	59,844
Total	3,391,105	3,216,754	369,483	226,666
<u>Derivative financial liabilities</u>				
<u>Cross currency swaps:</u>				
1 – 3 years	304,034	145,417	(18,553)	(6,615)
More than 3 years	310,274	305,926	(39,838)	(46,161)
Total	614,308	451,343	(58,391)	(52,776)

(b) Fair value of financial liabilities

There were no fair value gain/(loss) on financial liabilities since all financial liabilities were measured at amortised cost.

B9 Provision of Financial Assistance

The Group has not extended any loans/advances to any party or received any loan/advances from any party in the ordinary course of its business as a licensed moneylender and therefore, there are no outstanding loans/advances as at 30 November 2023.



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B10 Status of Corporate Proposal

As at the date of this report, the status of corporate proposal announced but not completed is as follows:

Proposed Joint Venture between AEON Credit Service (M) Berhad (“AEON Credit” or the “Company”), AEON Financial Service Co., Ltd. (“AFS”) and MoneyLion Inc. (“MLI”) and application to Bank Negara Malaysia (“BNM”) for a digital bank license

The Company, together with its Joint Venture (“JV”) consortium parties AEON Financial Service Co., Ltd. (immediate holding company) and MoneyLion Inc. (“MLI”) had submitted a joint application for a Digital Islamic Bank (“DIB”) Licence to Bank Negara Malaysia (“BNM”).

On 29 April 2022, the Company was notified by BNM that the Minister of Finance (“MOF”) has approved the issuance of a DIB Licence to a company to be formed by the JV consortium parties.

On 30 September 2022, the Company, AFS and MLI reached agreement to cease negotiations on MLI’s participation in the proposed JV arising from the desire of MLI to focus on its operations in the United States. Consequently, the Company and AFS (collectively be referred to as “Parties”) as the remaining JV consortium parties shall continue with the implementation of the operational readiness plan to establish the DIB.

On 14 July 2023, AmInvestment Bank Berhad (“AmInvestment Bank”), the principal adviser, had on behalf of the Board of Directors announced that the Company has entered into a Shareholders’ Agreement with AFS to regulate the rights and obligations of the Parties in respect to ACS Digital Berhad (“ACSD”), established for purposes of engaging in the business of DIB (“Proposed Joint Venture”).

The joint venture company ACSD, was incorporated by the Company on 19 July 2022 to undertake the Digital Banking Business with an issued share capital of RM10,000 comprising 10,000 ordinary shares in ACSD (“ACSD Shares”). The Company had on 30 December 2022 transferred the entire 10,000 ACSD Shares to AFS for a cash consideration of RM10,000. Following thereto, ACSD became a wholly-owned subsidiary of AFS. On the same date, AFS subscribed for an additional 139,990,000 ACSD Shares for a total subscription price of RM139,990,000, resulting in an increase in ACSD’s paid-up capital to RM140.0 million. The aforementioned subscription was undertaken for ACSD to comply with BNM’s requirement to have a minimum equity of RM100.0 million unimpaired by losses by 31 December 2022.

On 25 August 2023, AFS subscribed for an additional 35,000,000 ACSD Shares for a total subscription price of RM35.0 million, resulting in an increase of ACSD’s paid-up capital to RM175.0 million. The aforementioned was undertaken to meet the working capital requirements of ACSD for the on-going operational readiness phase of ACSD in establishing the DIB.

The Parties have also agreed to ensure that ACSD complies with the condition imposed by the MOF for at least 30% of the shares in ACSD to be held by Malaysian shareholder(s), with priority given to Bumiputera shareholders (“Equity Condition”), within a period of 5 years from the commencement of the business and operations of the DIB (which is scheduled to take place not later than 8 April 2024), i.e. by 7 April 2029. The Parties intend to identify the prospective shareholder(s) from reputable Malaysian institutional shareholder(s) or corporate shareholder(s), to comply with the Equity Condition.

The proposed ACSD share capital is as follows:

Shareholders	Number of ACSD Shares	Value of contribution	Form of contribution	Percentage of Shareholdings (%)
AEON Credit	175 million	RM175 million	Cash	50
AFS	175 million	RM175 million	Cash	50
Total		<u>RM350 million</u>		<u>100</u>



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B10 Status of Corporate Proposal (Continued)

Proposed Joint Venture between AEON Credit Service (M) Berhad (“AEON Credit” or the “Company”), AEON Financial Service Co., Ltd. (“AFS”) and MoneyLion Inc. (“MLI”) and application to Bank Negara Malaysia (“BNM”) for a digital bank license (Continued)

Subsequent to ACSD commencing its business and subject to relevant approvals (if any) as may be required being obtained, the Parties may subscribe for additional share capital of up to RM200 million at the subscription price of RM1.00 per ACSD Share (with the total share capital of up to RM550 million) in accordance with their respective proportions.

Upon compliance with the Equity Condition, the eventual equity structure in ACSD would be AEON Credit (35%), AFS (35%) and the Malaysian shareholder(s) (30%), and that the equity interest of the respective parties shall only be finalised at that point in time of compliance with the Equity Condition.

As stated in Note A9, the subscription by AEON Credit and AFS for, and the issuance by ACSD of, the ACSD Shares pursuant to the Shareholders' Agreement between parties was completed on 1 December 2023 and ACSD has become an associated company of the Group.

Barring any unforeseen circumstance, subject to satisfying the operational readiness requirements as part of the licensing conditions imposed by BNM and the conditions precedent in the Shareholders' Agreement being fulfilled, the market launch of ACSD's banking business is expected to take place in the first quarter of 2024.

B11 Borrowings

The borrowings of the Group as at 30 November 2023 comprised the following:

	30.11.2023	28.2.2023
	Unsecured	Unsecured
	RM'000	RM'000
Non-current :		
- Term loans/financing	4,820,366	5,479,903
- Senior sukuk	748,983	499,150
- Subordinated sukuk	199,775	199,722
	5,769,124	6,178,775
Current :		
- Term loans/financing	2,875,048	1,678,194
- Revolving credit	250,000	150,000
- Commercial paper	80,000	-
	3,205,048	1,828,194
Total	8,974,172	8,006,969



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B11 Borrowings (Continued)

The borrowings were denominated in the following currencies:

	<u>30.11.2023</u>		<u>28.2.2023</u>	
	Foreign		Foreign	
	Currency	Equivalent	Currency	Equivalent
	'000	RM'000	'000	RM'000
<u>Unsecured</u>				
Ringgit Malaysia		4,968,759		4,338,872
United States Dollar	774,634	3,611,009	749,058	3,362,171
Japanese Yen	12,451,597	394,404	9,318,765	305,926
		<u>8,974,172</u>		<u>8,006,969</u>

B12 Material Litigation

As at the date of this announcement, the Group is not engaged in any material litigation which in the opinion of the Board of Directors will have a material effect on the financial position or business of the Group.

B13 Dividends

There was no dividend declared during the current quarter. The interim single-tier dividend of 28.50 sen per ordinary share declared on 26 September 2023 for the financial year ending 29 February 2024 was paid to shareholders on 2 November 2023 as disclosed in Note A7.

B14 Earnings per share

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2023</u>	<u>30.11.2022</u>	<u>30.11.2023</u>	<u>30.11.2022</u>
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	85,546	83,627	305,098	322,345
Distribution on perpetual notes and sukuk, net of tax	-	-	(5,040)	(5,040)
Profit attributable to ordinary equity holders	<u>85,546</u>	<u>83,627</u>	<u>300,058</u>	<u>317,305</u>

Basic earnings per share

Basic earnings per share is calculated by dividing the profit after distribution on perpetual notes and sukuk by the weighted average number of ordinary shares outstanding during the period.



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B14 Earnings per share (Continued)

Diluted Earnings Per Share

There were no dilutive potential ordinary shares outstanding as at 30 November 2023. As a result, the diluted earnings per share is equivalent to the basic earnings per share.

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	<u>30.11.2023</u>	<u>30.11.2022</u>	<u>30.11.2023</u>	<u>30.11.2022</u>
Profit attributable to ordinary equity holders (RM'000)	85,546	83,627	300,058	317,305
Weighted average number of ordinary shares ('000 unit)	510,615	510,615*	510,615	510,615*
Basic earnings per share (sen)	<u>16.75</u>	<u>16.38*</u>	<u>58.76</u>	<u>62.14*</u>

* The weighted average number of ordinary shares for the quarter and year-to-date ended 30 November 2022 have been adjusted to reflect the Bonus Issue of 1 for 1 which was completed on 21 November 2023. Accordingly, the earnings per share for the comparative quarter and year-to-date have been restated.

B15 Auditors' Report on the Preceding Annual Financial Statements

There was no qualification in the auditors' report on the preceding audited annual financial statements.

B16 Authorisation for Issue

This interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution of the Directors on 21 December 2023.

By Order of the Board
21 December 2023