

Brief Statement of the Second Quarter Financial Results for the Fiscal Year Ending March 2021
[Japanese GAAP (Consolidated)]

November 5, 2020

Forward-looking Statement

The statements and figures contained in this Brief Statement of the Second Quarter Financial Results for the fiscal year ending March 2021 (the "Brief Statement") with respect to ACOM CO., LTD. ("ACOM")'s plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of ACOM which are based on management's assumptions and beliefs in light of the information currently available to it and involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various factors. Potential risks and uncertainties include, but not limited to, general economic conditions in ACOM's market and changes in the size of the overall market for consumer loans, the rate of default by customers, the fluctuations in number of cases of claims from and the amount paid to customers who claim us to reimburse the portion of interest in excess of the interest ceiling as specified in the Interest Rate Restriction Act, the level of interest rates paid on ACOM's debt, and legal limits on interest rates charged by ACOM.

Name of the company:	ACOM CO., LTD. ("ACOM" or "the Company")
Stock market:	First Section of Tokyo Stock Exchange
Code Number:	8572
Location of the head office:	Tokyo
URL:	https://www.acom.co.jp/corp/english/ir/
Position of the representative:	Chairman, President & Chief Executive Officer
Name:	Shigeyoshi Kinoshita
Position of the person in charge:	Chief PR & IR Officer
Name:	Takashi Okamoto
Telephone Number:	(03) 5533-0861
Registration date of quarterly securities report:	November 16, 2020
Commencement date of dividend payment:	December 7, 2020
Quarterly material to supplement the financial results:	Applicable
Quarterly financial results conference:	Applicable (For domestic and foreign institutional investors and financial analysts)

Note: 1. All amounts under minimum units appearing in each of the tables have been disregarded throughout this brief statement and the annexed materials.

Note: 2. The figures in percentages show the year-on-year change from previous second quarter.

1. Consolidated Business Results for the Second Quarter Accounting Period (from April 1, 2020, to September 30, 2020)

(1) Consolidated Business Results (Accumulated)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent (Second Quarter)	
	(Millions of yen)	yoy%	(Millions of yen)	yoy%	(Millions of yen)	yoy%	(Millions of yen)	yoy%
2Q for FY March 2021	134,945	-3.1	54,499	7.3	55,410	10.5	43,505	-3.5
2Q for FY March 2020	139,290	1.4	50,812	6.0	50,144	4.0	45,098	13.2

[Note] Comprehensive income

2Q for FY March 2021: 42,871 million yen [-17.1%]

2Q for FY March 2020: 51,743 million yen [33.2%]

	Basic Earnings per Share (Second Quarter)	Diluted Earnings per Share (Second Quarter)
	(Yen)	(Yen)
2Q for FY March 2021	27.77	—
2Q for FY March 2020	28.79	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
2Q for FY March 2021	1,223,056	480,717	37.1
FY March 2020 (Annual)	1,282,389	442,496	32.4

<Reference> Shareholders' Equity:

2Q for FY March 2021: 453,471 million yen FY March 2020: 415,322 million yen

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
FY March 2020	—	2.00	—	2.00	4.00
FY March 2021	—	3.00	—	—	—
FY March 2021 (Forecast)	—	—	—	3.00	6.00

<Note> Amendment to dividend forecast: None

3. Forecasts for the Fiscal Year Ending March 2021 (from April 1, 2020, to March 31, 2021)

(The figures in percentage show year-on-year change from the same prior periods.)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Basic Earnings per Share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Yen)
Annual	263,000	-5.9	89,500	18.3	90,500	20.5	70,300	18.0	44.87

<Note> Amendment to business results forecast: None

(Note)

(1) Change in Important Subsidiaries in the Six Months ended September 30, 2020: None
(Change in scope of consolidation)

(2) Adoption of Accounting Methods Used Specifically for Quarterly Consolidated Financial Statements: None

(3) Changes in Accounting Policy, Accounting Estimates and Restatement

A) Change in accounting policy due to revision of accounting standards, etc.: None

B) Changes other than A): None

C) Change in accounting estimates: None

D) Restatement: None

(4) Outstanding shares (common shares)

A) Number of shares outstanding (including treasury stock)

Second Quarter of FY March 2021:	1,596,282,800 shares	FY March 2020:	1,596,282,800 shares
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B) Number of treasury stock at the end of period

Second Quarter of FY March 2021:	29,668,702 shares	FY March 2020:	29,668,632 shares
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C) Number of average shares outstanding (accumulated quarterly consolidated period)

Second Quarter of FY March 2021:	1,566,614,131 shares	Second Quarter of FY March 2020:	1,566,614,208 shares
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(Note) Brief Statement of Quarterly financial results is not subject to quarterly review procedures.

(Note) Explanation regarding proper use of the business forecast and other notes

(Notes to Forward-looking Statement)

The statements about the future performance of ACOM are based on management's assumptions and beliefs in light of the information currently available to it. These statements do not guarantee our future performance: actual results may differ from those in the forward-looking statements as a result of various factors. Please refer to "(3) Qualitative Information on the Forecasts for the Consolidated Business Results" of "1. Quarterly Qualitative Information on Business Results" on page 3 for conditions which are basis of forecasts and notes for using the forecast.

(Accessing financial results materials and archive of financial results conference)

ACOM plans to distribute an earnings release conference on website on November 6, 2020, and hold Web meetings for domestic and foreign institutional investors and financial analysts regarding the second quarter financial results for the fiscal year ending March 2021. The materials used at the conference will be listed promptly after disclosure of financial results. The archive of the conference will be listed promptly at the website after the conference is held.

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1. Quarterly Qualitative Information on Business Results

(1) Qualitative Information on Business Results

During the six months ended September 30, 2020, the Japanese economy was forced to take preventive measures against COVID-19 infections in order to sustain social and economic activities, and the situation remained uncertain with the ongoing possibility of a re-spread of the infection. Meanwhile, overseas economy remained harshly restrained due in part to the impact of limitations in activities, though situations differ from country to country.

In the nonbank business sector, the market is contracting as a result of a rapid decrease in consumer spending due to the impact of the spread of COVID-19 infection, but a gradual upturn is expected in the future as consumer sentiment begins to show signs of recovery, buoyed in part by the effects of the various economic policies. Although requests for interest repayment have steadily decreased, future trends need to be closely monitored on an ongoing basis, as requests for interest repayment are susceptible to the impacts of changes in the external environment.

In such an environment, operation bases of the Company Group have been forced to suspend businesses and reduce operating hours. However, the Company Group will gradually restart and strengthen operating activities while paying due attention to the safety of customers and employees, and will continue to provide flexible and courteous support for repayment, etc.

The Company Group has upheld its management vision of “strive to become the leading company in personal loan market which provides prime satisfaction to the utmost number of customers and win their trust in return.” The target of achieving a “balance of 2.5 trillion yen in the total three core businesses” at the end of the fiscal year ending March 31, 2022, as set out in the medium-term management plan, is becoming extremely difficult amid the spread of COVID-19 infection and other changes in the external environment. Nonetheless, the Company Group will continue endeavoring to achieve the goals of the medium-term management plan under a medium-term management policy of “with expeditious reactions to environmental changes, ACOM will strive for sustainable growth and increasing corporate value, while creating services which exceed customers’ expectations.”

Consolidated operating revenue for the six months ended September 30, 2020, decreased to 134,945 million yen (down 3.1% year-on-year). This is attributable to: the effect of the exclusion of PT. Bank Nusantara Parahyangan, Tbk. from the scope of consolidation upon sales of all its shares held by the Company in April 2019; and decreases in accounts receivable - operating loans and guaranteed receivables due to spread of COVID-19 infection which led to decreases in interest on operating loans and revenue from credit guarantee. Operating expenses, on the other hand, decreased to 80,446 million yen (down 9.1% year-on-year), mainly due to decreases in provision of allowance for doubtful accounts and allowance for loss on guarantees resulting from decreases in accounts receivable - operating loans and guaranteed receivables, a decrease in advertising expenses resulting from curtailed advertisement for gathering and acquiring new customers associated with the partial reduction in operating activities in response to commuting controls requested by the government. As a result, operating profit increased to 54,499 million yen (up 7.3% year-on-year) and ordinary profit increased to 55,410 million yen (up 10.5% year-on-year). Profit attributable to owners of parent recorded a year-on-year decrease to 43,505 million yen (down 3.5% year-on-year) as the three months ended June 30, 2019, included posting of the gain on sales of stocks, etc. of PT. Bank Nusantara Parahyangan, Tbk.

(2) Qualitative Information on Financial Position

Compared with the end of the prior fiscal year, total assets decreased by 59,332 million yen, whereas net assets increased by 38,220 million yen as of September 30, 2020. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets decreased by 55,206 million yen and noncurrent assets decreased by 4,126 million yen. Consequently, total assets decreased by 59,332 million yen. The breakdown of major decreases in current assets is accounts receivable - operating loans (down 57,157 million yen). The breakdown of major decreases in noncurrent assets is deferred tax assets (down 2,416 million yen).

(Liabilities)

With regard to the liabilities account, changes in current and noncurrent liabilities were a decrease of 47,777 million yen and a decrease of 49,775 million yen, respectively, resulting in a decrease of 97,553 million yen in total liabilities. The breakdown of major decreases in liabilities includes: the outstanding balance of funds procured mainly in the form of loans and bonds payable (down 80,719 million yen) and provision for loss on interest repayment (down 14,240 million yen).

(Net assets)

In terms of net assets, shareholders’ equity increased by 40,372 million yen mainly due to an increase in retained earnings, accumulated other comprehensive income decreased by 2,223 million yen due to a decrease in foreign

currency translation adjustment, and non-controlling interests increased by 72 million yen. As a result, total net assets increased by 38,220 million yen, and the shareholders' equity ratio increased by 4.7 percentage points to 37.1%.

(3) Qualitative Information on the Forecasts for the Consolidated Business Results

As the Company has announced on October 23, 2020, it expects consolidated business results as follows: 263.0 billion yen of operating revenue; 90.5 billion yen of ordinary profit; and 70.3 billion yen of profit attributable to owners of parent.

Outlook above is forecast based on information available at the date of announcement of this brief statement. However, there are some potential risk factors in the Group's business management. Actual results may differ from forecast values due to various risk factors.

2. Quarterly Consolidated Financial Statements and Major Notes
(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2020)	Current second quarter (As of September 30, 2020)
Assets		
Current assets		
Cash and deposits	82,545	81,574
Accounts receivable - operating loans	1,041,711	984,553
Accounts receivable - installment	75,726	76,277
Purchased receivables	9,188	8,458
Raw materials and supplies	42	42
Other	87,162	84,596
Allowance for doubtful accounts	-82,974	-77,306
Total current assets	1,213,402	1,158,196
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,516	3,371
Equipment, net	7,606	7,583
Land	3,123	3,123
Other, net	910	710
Total property, plant and equipment	15,156	14,788
Intangible assets		
Goodwill	2,436	2,029
Software	5,056	4,947
Other	49	49
Total intangible assets	7,542	7,025
Investments and other assets		
Investment securities	1,165	1,188
Net defined benefit asset	2,379	2,066
Deferred tax assets	33,835	31,419
Guarantee deposits	5,041	4,895
Other	4,839	4,355
Allowance for doubtful accounts	-973	-878
Total investments and other assets	46,287	43,045
Total noncurrent assets	68,986	64,860
Total assets	1,282,389	1,223,056

(Millions of yen)

	Prior fiscal year (As of March 31, 2020)	Current second quarter (As of September 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	682	648
Short-term loans payable	15,330	5,963
Commercial papers	29,998	-
Current portion of long-term loans payable	91,048	77,840
Current portion of bonds	48,026	55,450
Income taxes payable	7,888	9,971
Provision for loss on guarantees	9,475	7,890
Asset retirement obligations	32	75
Deferred installment income	36	24
Other	14,173	11,052
Total current liabilities	216,694	168,916
Noncurrent liabilities		
Bonds payable	196,300	169,665
Long-term loans payable	333,388	324,456
Provision for directors' retirement benefits	28	-
Provision for loss on interest repayment	87,600	73,359
Net defined benefit liability	676	684
Asset retirement obligations	4,375	4,243
Other	828	1,013
Total noncurrent liabilities	623,198	573,422
Total liabilities	839,892	742,339
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,549	73,549
Retained earnings	291,959	332,331
Treasury stock	-19,794	-19,794
Total shareholders' equity	409,547	449,919
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	7,956	5,348
Remeasurements of defined benefit plans	-2,180	-1,796
Total accumulated other comprehensive income	5,775	3,551
Non-controlling interests	27,173	27,246
Total net assets	442,496	480,717
Total liabilities and net assets	1,282,389	1,223,056

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
Quarterly Consolidated Statement of Income
Six months ended September 30

	(Millions of yen)	
	For the six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	For the six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Operating revenue		
Interest on operating loans	87,247	85,897
Interest on loans of banking business	1,567	–
Credit card revenue	4,412	4,914
Per-item revenue	32	31
Revenue from credit guarantee	29,846	28,536
Collection from purchased receivable	1,996	1,805
Other financial revenue	197	1
Other operating revenue	13,989	13,760
Total operating revenue	139,290	134,945
Operating expenses		
Financial expenses	4,538	3,125
Cost of purchased receivable	813	727
Other operating expenses	83,126	76,593
Total operating expenses	88,478	80,446
Operating profit	50,812	54,499
Non-operating income		
Interest income	52	1
Dividend income	25	25
Equity in earnings of affiliates	2	24
House rent income	132	92
Subsidy income	–	689
Other	65	89
Total non-operating income	277	923
Non-operating expenses		
Interest expenses	12	8
Foreign exchange losses	923	–
Other	9	3
Total non-operating expenses	945	12
Ordinary profit	50,144	55,410

	(Millions of yen)	
	For the six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	For the six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Gain on sales of shares of subsidiaries and associates	9,875	–
Total extraordinary income	9,875	0
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	47	41
Impairment loss	2,370	–
Loss on sales of investment securities	1	–
Merger expenses	2,363	–
Other	0	0
Total extraordinary loss	4,784	42
Profit before income taxes	55,235	55,368
Income taxes-current	7,140	7,098
Income taxes-deferred	1,137	2,115
Total income taxes	8,277	9,214
Profit	46,957	46,154
Profit attributable to non-controlling interests	1,859	2,648
Profit attributable to owners of parent	45,098	43,505

Quarterly Consolidated Statement of Comprehensive Income
Six months ended September 30

	(Millions of yen)	
	For the six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	For the six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Profit	46,957	46,154
Other comprehensive income		
Valuation difference on available-for-sale securities	-0	-0
Foreign currency translation adjustment	4,551	-3,673
Remeasurements of defined benefit plans, net of tax	234	389
Total other comprehensive income	4,785	-3,283
Comprehensive income	51,743	42,871
Comprehensive income attributable to:		
Owners of parent	48,136	41,281
Non-controlling interests	3,607	1,589

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going-concern Assumption)

Not applicable

(Notes in Case of any Significant Changes in the Amount of Shareholders' Equity)

Not applicable

3. [Reference] Quarterly Non-consolidated Financial Statements

Quarterly financial statements are prepared in accordance with the "Regulations of Quarterly Financial Statements on Terms, Forms and Preparation Method" (Cabinet Office Ordinance No. 63, 2007).

(1) [Reference] Quarterly Non-consolidated Balance Sheet

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2020)	Current second quarter (As of September 30, 2020)
Assets		
Current assets		
Cash and deposits	78,870	76,284
Accounts receivable - operating loans	840,847	794,644
Accounts receivable - installment	75,035	75,688
Raw materials and supplies	27	29
Right to reimbursement	54,351	53,086
Other	20,660	18,484
Allowance for doubtful accounts	-63,470	-58,740
Total current assets	1,006,323	959,477
Noncurrent assets		
Property, plant and equipment	14,453	14,182
Intangible assets	6,994	6,602
Investments and other assets		
Deferred tax assets	33,921	31,670
Prepaid pension cost	5,264	4,445
Other	24,324	25,496
Allowance for doubtful accounts	-930	-860
Total investments and other assets	62,579	60,752
Total noncurrent assets	84,028	81,538
Total assets	1,090,351	1,041,015
Liabilities		
Current liabilities		
Accounts payable-trade	673	643
Commercial papers	29,998	-
Current portion of long-term loans payable	79,006	61,598
Current portion of bonds	33,000	38,000
Income taxes payable	5,127	5,038
Provision for loss on guarantees	8,640	7,090
Asset retirement obligations	31	74
Other	11,273	8,681
Total current liabilities	167,751	121,125
Noncurrent liabilities		
Bonds payable	160,000	140,000
Long-term loans payable	310,339	304,968
Provision for loss on interest repayment	87,600	73,359
Asset retirement obligations	4,103	3,985
Other	791	908
Total noncurrent liabilities	562,834	523,222
Total liabilities	730,585	644,348
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	76,010	76,010
Retained earnings	239,716	276,618
Treasury stock	-19,794	-19,794
Total shareholders' equity	359,765	396,667
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Total net assets	359,765	396,667
Total liabilities and net assets	1,090,351	1,041,015

(2) [Reference] Quarterly Non-consolidated Statement of Income
Six months ended September 30

	(Millions of yen)	
	For the six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	For the six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Operating revenue		
Interest on operating loans	63,146	61,403
Credit card revenue	4,412	4,914
Revenue from credit guarantee	24,619	23,303
Other financial revenue	0	0
Other operating revenue	11,012	10,645
Total operating revenue	103,191	100,268
Operating expenses		
Financial expenses	2,384	1,994
Other operating expenses	63,486	57,163
Total operating expenses	65,870	59,158
Operating profit	37,320	41,109
Non-operating income		
Interest income	6	4
Dividend income	6,069	4,539
Other	196	871
Total non-operating income	6,272	5,415
Non-operating expenses		
Interest expenses	12	8
Foreign exchange losses	924	-
Other	3	3
Total non-operating expenses	940	11
Ordinary profit	42,652	46,514
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	10,824	-
Total extraordinary income	10,824	-
Extraordinary loss		
Loss on retirement of noncurrent assets	46	39
Impairment loss	2,370	-
Loss on sales of investment securities	1	-
Other	0	0
Total extraordinary loss	2,419	39
Profit before income taxes	51,057	46,474
Income taxes-current	4,039	4,189
Income taxes-deferred	2,635	2,250
Total income taxes	6,674	6,439
Profit	44,382	40,034