

Brief Statement of the First Quarter Financial Results for the Fiscal Year Ending March 2022
[Japanese GAAP (Consolidated)]

July 29, 2021

Forward-looking Statement

The statements and figures contained in this Brief Statement of the First Quarter Financial Results for the fiscal year ending March 2022 (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:	President & Chief Executive Officer
Name:	Masataka 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:	August 13, 2021
Commencement date of dividend payment:	—
Quarterly material to supplement the financial results:	Applicable
Quarterly financial results conference:	Applicable (For domestic 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 first quarter.

1. Consolidated Business Results for the First Quarter Accounting Period (from April 1, 2021, to June 30, 2021)

(1) Consolidated Business Results (Accumulated)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent (First Quarter)	
	(Millions of yen)	yoy%	(Millions of yen)	yoy%	(Millions of yen)	yoy%	(Millions of yen)	yoy%
1Q for FY March 2022	65,467	-3.0	25,055	-2.9	25,145	-3.0	19,921	-7.8
1Q for FY March 2021	67,474	-3.2	25,796	3.4	25,926	7.0	21,611	-19.0

[Note] Comprehensive income

1Q for FY March 2022: 24,302 million yen [57.4%]

1Q for FY March 2021: 15,436 million yen [-51.2%]

	Basic Earnings per Share (First Quarter)	Diluted Earnings per Share (First Quarter)
	(Yen)	(Yen)
1Q for FY March 2022	12.72	—
1Q for FY March 2021	13.80	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
1Q for FY March 2022	1,211,850	533,292	41.5
FY March 2021 (Annual)	1,219,109	515,128	39.8

<Reference> Shareholders' Equity:

1Q for FY March 2022: 503,110 million yen FY March 2021: 485,684 million yen

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
FY March 2021	—	3.00	—	3.00	6.00
FY March 2022	—				
FY March 2022 (Forecast)		3.00	—	3.00	6.00

<Note> Amendment to dividend forecast: None

3. Forecasts for the Fiscal Year Ending March 2022 (from April 1, 2021, to March 31, 2022)

(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)
First Half	129,700	-3.9	39,900	-26.8	40,000	-27.8	30,800	-29.2	19.66
Annual	260,700	-2.1	79,900	-19.2	80,100	-19.9	61,000	-22.7	38.94

<Note> Amendment to business results forecast: None

(Note)

(1) Change in Important Subsidiaries in the Three Months ended June 30, 2021: 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 shares)

First Quarter of FY March 2022:	1,566,614,098 shares	FY March 2021:	1,596,282,800 shares
---------------------------------	----------------------	----------------	----------------------

B) Number of treasury shares at the end of period

First Quarter of FY March 2022:	— shares	FY March 2021:	29,668,702 shares
---------------------------------	----------	----------------	-------------------

C) Number of average shares outstanding (accumulated quarterly consolidated period)

First Quarter of FY March 2022:	1,566,614,098 shares	First Quarter of FY March 2021:	1,566,614,160 shares
---------------------------------	----------------------	---------------------------------	----------------------

(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 hold the first quarter financial results conference (video conferencing for domestic institutional investors and financial analysts) on July 29, 2021. The materials used at the conference will be available at ACOM's website promptly after disclosure of financial results.

Contents

1. Quarterly Qualitative Information on Business Results:	P2
(1) Qualitative Information on Business Results:	P2
(2) Qualitative Information on Financial Position:	P2
(3) Qualitative Information on the Forecasts for the Consolidated Business Results:	P3
2. Quarterly Consolidated Financial Statements and Major Notes:	P4
(1) Quarterly Consolidated Balance Sheet:	P4
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income:	P6
(3) Notes on Quarterly Consolidated Financial Statements:	P9
(Notes on Going-concern Assumption):	P9
(Notes in Case of any Significant Changes in the Amount of Shareholders' Equity):	P9
3. [Reference] Quarterly Non-consolidated Financial Statements:	P10
(1) [Reference] Quarterly Non-consolidated Balance Sheet:	P10
(2) [Reference] Quarterly Non-consolidated Statement of Income:	P11

1. Quarterly Qualitative Information on Business Results

(1) Qualitative Information on Business Results

During the three months ended June 30, 2021, the Japanese economy remained, as in the prior fiscal year, under preventive measures against COVID-19 infection in order to sustain social and economic activities, with a state of emergency and priority measures to prevent the spread of disease declared in some municipalities, 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 outlook remained uncertain as the market is contracting as a result of the prolonged stagnation of consumer spending due to the impact of the spread of COVID-19 infection. 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, the Company Group will continue its operating activities while paying due attention to the safety of customers and employees, and will 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.” Amid the spread of COVID-19 infection and other changes in the external environment, the Company Group will continue to make concerted efforts 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 three months ended June 30, 2021, decreased to 65,467 million yen (down 3.0% year-on-year). This is attributable to: the decreases in accounts receivable-operating loans and guaranteed receivables due to the 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 40,411 million yen (down 3.0% year-on-year) mainly due to a decrease in provision of allowance for doubtful accounts. As a result, operating profit decreased to 25,055 million yen (down 2.9% year-on-year), ordinary profit decreased to 25,145 million yen (down 3.0% year-on-year), and profit attributable to owners of parent decreased to 19,921 million yen (down 7.8% year-on-year).

(2) Qualitative Information on Financial Position

Compared with the end of the prior fiscal year, total assets decreased by 7,259 million yen, whereas net assets increased by 18,164 million yen as of June 30, 2021. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets decreased by 4,781 million yen and non-current assets decreased by 2,478 million yen. Consequently, total assets decreased by 7,259 million yen. The breakdown of major changes in current assets is as follows: cash and deposits (down 12,970 million yen), accounts receivable - operating loans (up 4,095 million yen) and accounts receivable - installment (up 2,012 million yen). The breakdown of major decreases in non-current assets is as follows: deferred tax assets (down 1,941 million yen). The combined total of allowance for doubtful accounts recorded under current assets and non-current assets decreased by 1,935 million yen.

(Liabilities)

With regard to the liabilities account, changes in current and non-current liabilities were an increase of 8,782 million yen and a decrease of 34,206 million yen, respectively, resulting in a decrease of 25,424 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 13,842 million yen) and provision for loss on interest repayment (down 7,034 million yen).

(Net assets)

In terms of net assets, shareholders’ equity increased by 15,221 million yen mainly due to recording profit attributable to owners of parent under retained earnings, accumulated other comprehensive income increased by 2,204 million yen due in part to an increase in foreign currency translation adjustment, and non-controlling interests increased by 737 million yen. As a result, total net assets increased by 18,164 million yen, and the shareholders’ equity ratio increased by 1.7 percentage points to 41.5%.

Capital surplus and retained earnings decreased due to the cancellation of treasury shares conducted during the three months ended June 30, 2021. Detail is stated at “(3) Notes on Quarterly Consolidated Financial Statements” of “2. Quarterly Consolidated Financial Statements and Major Notes”.

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

As the Company has announced on May 13, 2021, it expects consolidated business results as follows: 260.7 billion yen of operating revenue; 80.1 billion yen of ordinary profit; and 61.0 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. In particular, the plans formulated by the Company rest on the assumption that the stagnant economic activities on the impact of the spread of COVID-19 will gradually recover. Therefore, the actual results may differ significantly.

The trend of requests for interest repayment is also highly uncertain, due to its sensitivity to changes in external environmental changes. The Group may have to make additional provision for loss on interest repayment.

Actual results may differ from forecast values due to various risk factors, not limited to those mentioned above.

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

(Millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current first quarter (As of June 30, 2021)
Assets		
Current assets		
Cash and deposits	83,323	70,353
Accounts receivable - operating loans	977,152	981,248
Accounts receivable - installment	79,423	81,436
Purchased receivables	8,477	7,948
Raw materials and supplies	63	49
Other	82,334	83,061
Allowance for doubtful accounts	-77,428	-75,531
Total current assets	1,153,346	1,148,565
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,386	3,451
Equipment, net	7,640	7,495
Land	2,476	2,476
Other, net	496	423
Total property, plant and equipment	13,998	13,847
Intangible assets		
Goodwill	1,770	1,640
Software	4,984	5,041
Other	48	44
Total intangible assets	6,803	6,726
Investments and other assets		
Investment securities	1,207	1,215
Retirement benefit asset	5,618	5,484
Deferred tax assets	29,677	27,735
Guarantee deposits	4,990	4,864
Other	4,367	4,269
Allowance for doubtful accounts	-900	-860
Total investments and other assets	44,960	42,710
Total non-current assets	65,763	63,284
Total assets	1,219,109	1,211,850

(Millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current first quarter (As of June 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	696	734
Short-term borrowings	15,992	19,694
Commercial papers	5,000	4,000
Current portion of long-term borrowings	69,416	65,940
Current portion of bonds payable	53,760	67,700
Income taxes payable	7,258	4,451
Provision for loss on guarantees	8,876	9,000
Asset retirement obligations	408	226
Deferred installment income	28	37
Other	13,833	12,268
Total current liabilities	175,271	184,053
Non-current liabilities		
Bonds payable	155,800	125,930
Long-term borrowings	309,431	312,293
Provision for loss on interest repayment	56,741	49,707
Retirement benefit liability	721	761
Asset retirement obligations	5,420	5,420
Other	596	391
Total non-current liabilities	528,710	494,503
Total liabilities	703,981	678,557
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	73,549	69,861
Retained earnings	362,991	362,106
Treasury shares	-19,794	-
Total shareholders' equity	480,578	495,800
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	4,444	6,647
Remeasurements of defined benefit plans	661	663
Total accumulated other comprehensive	5,105	7,310
Non-controlling interests	29,443	30,181
Total net assets	515,128	533,292
Total liabilities and net assets	1,219,109	1,211,850

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
Quarterly Consolidated Statement of Income
Three months ended June 30

	(Millions of yen)	
	For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Operating revenue		
Interest on operating loans	43,819	41,006
Credit card revenue	2,444	2,605
Per-item revenue	17	15
Revenue from credit guarantee	14,450	13,245
Collection from purchased receivables	784	1,105
Other financial revenue	0	24
Other operating revenue	5,957	7,463
Total operating revenue	67,474	65,467
Operating expenses		
Financial expenses	1,590	1,567
Cost of purchased receivables	282	472
Other operating expenses	39,805	38,371
Total operating expenses	41,677	40,411
Operating profit	25,796	25,055
Non-operating income		
Interest income	0	0
Dividend income	24	12
Share of profit of entities accounted for using equity method	17	8
Rental income from buildings	46	44
Other	59	27
Total non-operating income	149	94
Non-operating expenses		
Interest expenses	4	2
Other	14	2
Total non-operating expenses	19	4
Ordinary profit	25,926	25,145

(Millions of yen)

	For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Extraordinary income		
Gain on sale of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sale of non-current assets	-	0
Loss on retirement of non-current assets	7	32
Other	-	0
Total extraordinary losses	7	33
Profit before income taxes	25,918	25,112
Income taxes-current	3,256	1,852
Income taxes-deferred	-228	2,046
Total income taxes	3,027	3,898
Profit	22,890	21,213
Profit attributable to non-controlling interests	1,279	1,291
Profit attributable to owners of parent	21,611	19,921

Quarterly Consolidated Statement of Comprehensive Income
 Three months ended June 30

	(Millions of yen)	
	For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Profit	22,890	21,213
Other comprehensive income		
Valuation difference on available-for-sale securities	-0	0
Foreign currency translation adjustment	-7,656	3,086
Remeasurements of defined benefit plans, net of tax	202	3
Total other comprehensive income	-7,454	3,089
Comprehensive income	15,436	24,302
Comprehensive income attributable to:		
Owners of parent	16,372	22,126
Non-controlling interests	-936	2,176

(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)

ACOM canceled treasury shares (29,668,702 shares) on June 3, 2021, based on the resolution at the Board of Directors Meeting held on May 20, 2021. During the three months ended June 30, 2021, capital surplus decreased to 69,861 million yen (down 3,687 million yen), retained earnings decreased to 362,106 million yen (down 16,106 million yen), treasury shares decreased by 19,794 million yen.

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, 2021)	Current first quarter (As of June 30, 2021)
Assets		
Current assets		
Cash and deposits	78,168	71,569
Accounts receivable - operating loans	784,051	783,409
Accounts receivable - installment	78,788	80,652
Raw materials and supplies	47	41
Right to reimbursement	51,591	53,254
Other	18,285	16,473
Allowance for doubtful accounts	-56,040	-57,070
Total current assets	954,892	948,331
Non-current assets		
Property, plant and equipment	13,354	13,239
Intangible assets	6,464	6,423
Investments and other assets		
Deferred tax assets	30,960	29,733
Prepaid pension costs	4,443	4,315
Other	25,633	25,383
Allowance for doubtful accounts	-860	-830
Total investments and other assets	60,176	58,603
Total non-current assets	79,995	78,266
Total assets	1,034,887	1,026,597
Liabilities		
Current liabilities		
Accounts payable-trade	677	727
Commercial papers	5,000	4,000
Current portion of long-term borrowings	58,183	57,444
Current portion of bonds payable	40,000	50,000
Income taxes payable	4,317	811
Provision for loss on guarantees	8,140	8,270
Asset retirement obligations	306	122
Other	11,659	10,448
Total current liabilities	128,284	131,823
Non-current liabilities		
Bonds payable	130,000	110,000
Long-term borrowings	291,254	291,110
Provision for loss on interest repayment	56,741	49,707
Asset retirement obligations	5,267	5,264
Other	491	301
Total non-current liabilities	483,755	456,383
Total liabilities	612,039	588,206
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	76,010	72,322
Retained earnings	302,798	302,235
Treasury shares	-19,794	-
Total shareholders' equity	422,847	438,391
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Total net assets	422,847	438,391
Total liabilities and net assets	1,034,887	1,026,597

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

(Millions of yen)

	For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Operating revenue		
Interest on operating loans	31,155	29,379
Credit card revenue	2,444	2,605
Revenue from credit guarantee	11,800	10,741
Other financial revenue	0	0
Other operating revenue	4,646	5,625
Total operating revenue	50,046	48,352
Operating expenses		
Financial expenses	1,010	847
Other operating expenses	29,473	29,673
Total operating expenses	30,483	30,520
Operating profit	19,562	17,831
Non-operating income		
Interest income	2	0
Dividend income	4,538	4,435
Other	105	55
Total non-operating income	4,647	4,491
Non-operating expenses		
Interest expenses	4	2
Foreign exchange losses	12	-
Other	0	1
Total non-operating expenses	17	4
Ordinary profit	24,192	22,319
Extraordinary losses		
Loss on retirement of non-current assets	7	32
Other	-	0
Total extraordinary losses	7	33
Profit before income taxes	24,185	22,286
Income taxes-current	2,077	816
Income taxes-deferred	222	1,226
Total income taxes	2,300	2,043
Profit	21,884	20,243