

Brief Statement of the First Quarter Financial Results for the Fiscal Year Ending March 2024
[Japanese GAAP (Consolidated)]

July 28, 2023

Forward-looking Statement

The statements and figures contained in this Brief Statement of Financial Results for the fiscal year ending March 2024 (the "Brief Statement") with respect to ACOM Group's plans and strategies and other statements that are not historical facts are 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. Therefore, the actual results may differ from the forecast.

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.

Name of the company:	ACOM CO., LTD. ("ACOM" or "the Company")
Stock market:	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) 6865-6474
Registration date of quarterly securities report:	August 14, 2023
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, 2023, to June 30, 2023)

(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 2024	70,926	6.6	21,927	(13.7)	22,082	(13.0)	13,776	(17.0)
1Q for FY March 2023	66,514	1.6	25,394	1.4	25,387	1.0	16,594	(16.7)

[Note] Comprehensive income

1Q for FY March 2024: 18,931 million yen [(28.0%)]

1Q for FY March 2023: 26,312 million yen [8.3%]

	Basic Earnings per Share (First Quarter)	Diluted Earnings per Share (First Quarter)
	(Yen)	(Yen)
1Q for FY March 2024	8.79	—
1Q for FY March 2023	10.59	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
1Q for FY March 2024	1,319,562	629,463	44.7
FY March 2023 (Annual)	1,297,316	619,837	44.8

<Reference> Shareholders' Equity:

1Q for FY March 2024: 589,788 million yen FY March 2023: 581,087 million yen

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
FY March 2023	—	5.00	—	5.00	10.00
FY March 2024	—				
FY March 2024 (Forecast)		6.00	—	6.00	12.00

<Note> Amendment to dividend forecast: None

3. Forecasts for the Fiscal Year Ending March 2024 (from April 1, 2023, to March 31, 2024)

(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	140,000	3.7	45,600	(6.6)	45,700	(6.4)	29,500	(10.6)	18.83
Annual	284,300	3.8	90,400	3.6	90,600	3.6	57,900	5.4	36.96

<Note> Amendment to business results forecast: None

(Note)

(1) Change in Important Subsidiaries in the Three Months ended June 30, 2023: 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 2024:	1,566,614,098 shares	FY March 2023:	1,566,614,098 shares
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B) Number of treasury shares at the end of period

First Quarter of FY March 2024:	50 shares	FY March 2023:	50 shares
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C) Number of average shares outstanding (accumulated quarterly consolidated period)

First Quarter of FY March 2024:	1,566,614,048 shares	First Quarter of FY March 2023:	1,566,614,048 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 hold the first quarter financial results conference (video conferencing for domestic institutional investors and financial analysts) on July 28, 2023. The materials used at the conference will be available at ACOM's website promptly after disclosure of financial results.

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1. Quarterly Qualitative Information on Business Results

(1) Qualitative Information on Business Results

During the three months ended June 30, 2023, Japanese socio-economic activities are returning to normal against a backdrop of COVID-19 being classified as a Category V Infectious Disease and various government policies, resulting in economic conditions showing signs of gradual recovery. However, there are risks that could push down the Japanese economy, such as price hikes due to growing tension in the international situation and soaring resource prices on a global scale, as well as concerns over increased financial instability due to prolonged global monetary tightening. Close attention should be paid continuously to the impact of these factors on consumer spending and financial markets. Overseas, while the situation varied from country to country, economic conditions in the Kingdom of Thailand showed signs of stable progress as the economic growth rate in the first quarter was higher compared to the same period of the previous fiscal year, due to strong consumer spending. In the Republic of the Philippines, the economic growth rate is moderating against the backdrop of a slowdown in consumer spending due to rising inflation, but the economy is returning to the trend of high growth seen before the spread of COVID-19.

In the nonbank business sector in Japan, while close attention should be paid to future trends similarly to the Japanese economy, the demand for funds shows a sign of steady recovery. Although requests for interest repayment continue to be on a decreasing trend, 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 identifies our commitment to each of our stakeholders as our vision in the medium-term management plan beginning from the fiscal year ended March 31, 2023, and has set forth a medium-term management policy of making efforts to achieve the vision during the three-year period. We will respond flexibly to the changes in the external environment, including COVID-19 infection, and continue to promote marketing activities in line with the vision and the medium-term policy.

Consolidated operating revenue for the three months ended June 30, 2023, increased to 70,926 million yen (up 6.6% year-on-year). This is mainly attributable to an increase in accounts receivable - operating loans and foreign exchange impacts on the depreciation of the yen, which led to an increase in interest on operating loans. Operating expenses increased to 48,998 million yen (up 19.2% year-on-year) primarily because provision of allowance for doubtful accounts increased associated with the expansion of business scale and advertising expenses increased associated with strengthening attracting new customers. As a result, operating profit decreased to 21,927 million yen (down 13.7% year-on-year), and ordinary profit decreased to 22,082 million yen (down 13.0% year-on-year). Profit attributable to owners of parent decreased to 13,776 million yen (down 17.0% year-on-year).

(2) Qualitative Information on Financial Position

Compared with the end of the prior fiscal year, total assets increased by 22,245 million yen and net assets increased by 9,625 million yen as of June 30, 2023. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets increased by 25,451 million yen and non-current assets decreased by 3,206 million yen. Consequently, total assets increased by 22,245 million yen. The breakdown of major changes in current assets is as follows: accounts receivable - operating loans (up 24,679 million yen) and accounts receivable - installment (up 4,599 million yen). The factors of an increase in accounts receivable - operating loans include foreign exchange impacts. The increases in accounts receivable - operating loans and accounts receivable - installment led to an increase of 2,152 million yen in allowance for doubtful accounts. The breakdown of major decreases in non-current assets includes deferred tax assets (down 3,682 million yen).

(Liabilities)

With regard to the liabilities account, changes in current and non-current liabilities were an increase of 20,299 million yen and a decrease of 7,679 million yen, respectively, resulting in an increase of 12,620 million yen in total liabilities. The breakdown of major changes in liabilities includes the outstanding balance of funds procured mainly in the form of loans and bonds payable (up 22,619 million yen) and provision for loss on interest repayment (down 7,090 million yen).

(Net assets)

In terms of net assets, shareholders' equity increased by 5,942 million yen due to an increase in retained earnings. The breakdown of major changes in retained earnings includes an increase due to the recording of profit attributable to owners of parent (13,776 million yen) and a decrease due to the payment of dividends (7,833 million yen). Moreover, accumulated other comprehensive income increased by 2,758 million yen due in part to an increase in foreign currency translation adjustment, and non-controlling interests increased by 924 million yen. As a result, total net assets increased by 9,625 million yen, and the shareholders' equity ratio decreased by 0.1 percentage points to 44.7%.

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

As the Company has announced on May 11, 2023, it expects consolidated business results as follows: 284.3 billion yen of operating revenue; 90.4 billion yen of operating profit; 90.6 billion yen of ordinary profit; and 57.9 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. 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, 2023)	Current first quarter (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	57,666	54,356
Accounts receivable - operating loans	1,029,728	1,054,407
Accounts receivable - installment	104,295	108,894
Purchased receivables	7,630	7,843
Other	89,590	91,012
Allowance for doubtful accounts	(83,418)	(85,571)
Total current assets	1,205,491	1,230,943
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,168	3,052
Equipment, net	4,272	4,192
Other, net	115	91
Total property, plant and equipment	7,556	7,336
Intangible assets		
Goodwill	734	604
Software	6,829	6,881
Other	43	43
Total intangible assets	7,606	7,529
Investments and other assets		
Investment securities	1,396	1,399
Retirement benefit asset	5,906	5,758
Deferred tax assets	61,637	57,954
Guarantee deposits	4,572	4,482
Other	3,817	4,801
Allowance for doubtful accounts	(667)	(645)
Total investments and other assets	76,661	73,752
Total non-current assets	91,824	88,618
Total assets	1,297,316	1,319,562

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current first quarter (As of June 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	344	362
Short-term borrowings	18,528	25,444
Commercial papers	34,988	54,996
Current portion of long-term borrowings	104,381	94,604
Current portion of bonds payable	32,600	38,685
Income taxes payable	6,644	5,642
Provision for loss on guarantees	9,612	10,004
Asset retirement obligations	709	566
Deferred installment income	26	27
Other	14,644	12,455
Total current liabilities	222,491	242,790
Non-current liabilities		
Bonds payable	91,660	92,287
Long-term borrowings	298,857	297,626
Provision for loss on interest repayment	57,723	50,633
Retirement benefit liability	789	835
Asset retirement obligations	5,653	5,647
Other	303	278
Total non-current liabilities	454,987	447,308
Total liabilities	677,478	690,099
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	69,861	69,861
Retained earnings	433,990	439,933
Treasury shares	(0)	(0)
Total shareholders' equity	567,683	573,626
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	12,943	15,700
Remeasurements of defined benefit plans	459	461
Total accumulated other comprehensive income	13,403	16,161
Non-controlling interests	38,750	39,674
Total net assets	619,837	629,463
Total liabilities and net assets	1,297,316	1,319,562

(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, 2022 (From April 1, 2022 to June 30, 2022)	For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Operating revenue		
Interest on operating loans	40,945	43,619
Credit card revenue	2,905	3,419
Per-item revenue	16	16
Revenue from credit guarantee	13,837	14,904
Collection from purchased receivables	1,036	1,086
Other financial revenue	130	78
Other operating revenue	7,643	7,801
Total operating revenue	66,514	70,926
Operating expenses		
Financial expenses	1,025	1,036
Cost of purchased receivables	357	407
Other operating expenses	39,737	47,554
Total operating expenses	41,120	48,998
Operating profit	25,394	21,927
Non-operating income		
Interest income	0	0
Dividend income	25	28
Share of profit of entities accounted for using equity method	6	2
Rental income from buildings	45	46
Foreign exchange gains	-	65
Other	15	12
Total non-operating income	92	156
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	93	-
Other	5	1
Total non-operating expenses	99	1
Ordinary profit	25,387	22,082

(Millions of yen)

	For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
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	45	44
Other	0	0
Total extraordinary losses	46	44
Profit before income taxes	25,340	22,038
Income taxes-current	3,091	3,192
Income taxes-deferred	4,206	3,795
Total income taxes	7,297	6,988
Profit	18,042	15,050
Profit attributable to non-controlling interests	1,448	1,274
Profit attributable to owners of parent	16,594	13,776

Quarterly Consolidated Statement of Comprehensive Income
 Three months ended June 30

(Millions of yen)

	For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Profit	18,042	15,050
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	8,290	3,879
Remeasurements of defined benefit plans, net of tax	(20)	2
Total other comprehensive income	8,269	3,881
Comprehensive income	26,312	18,931
Comprehensive income attributable to:		
Owners of parent	22,468	16,534
Non-controlling interests	3,844	2,397

(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, 2023)	Current first quarter (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	52,957	55,167
Accounts receivable - operating loans	810,958	829,170
Accounts receivable - installment	103,575	108,136
Right to reimbursement	57,192	58,331
Other	18,885	18,216
Allowance for doubtful accounts	(61,050)	(63,070)
Total current assets	982,519	1,005,952
Non-current assets		
Property, plant and equipment	6,773	6,585
Intangible assets	7,338	7,246
Investments and other assets		
Deferred tax assets	64,656	61,334
Prepaid pension costs	5,165	5,021
Other	24,451	25,322
Allowance for doubtful accounts	(650)	(630)
Total investments and other assets	93,623	91,048
Total non-current assets	107,736	104,880
Total assets	1,090,256	1,110,832
Liabilities		
Current liabilities		
Accounts payable-trade	334	356
Short-term borrowings	-	10,000
Commercial papers	34,998	54,996
Current portion of long-term borrowings	89,926	83,589
Current portion of bonds payable	25,000	25,000
Income taxes payable	3,622	1,730
Provision for loss on guarantees	8,670	9,080
Asset retirement obligations	709	565
Other	12,029	10,500
Total current liabilities	175,290	195,818
Non-current liabilities		
Bonds payable	70,000	70,000
Long-term borrowings	285,253	285,975
Provision for loss on interest repayment	57,723	50,633
Asset retirement obligations	5,393	5,383
Other	178	155
Total non-current liabilities	418,549	412,146
Total liabilities	593,839	607,965
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	72,322	72,322
Retained earnings	360,261	366,712
Treasury shares	(0)	(0)
Total shareholders' equity	496,416	502,867
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Total net assets	496,416	502,867
Total liabilities and net assets	1,090,256	1,110,832

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

(Millions of yen)

	For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Operating revenue		
Interest on operating loans	29,256	30,366
Credit card revenue	2,905	3,419
Revenue from credit guarantee	11,272	12,226
Other financial revenue	99	72
Other operating revenue	5,846	5,894
Total operating revenue	49,380	51,980
Operating expenses		
Financial expenses	688	636
Other operating expenses	31,044	36,382
Total operating expenses	31,732	37,019
Operating profit	17,647	14,961
Non-operating income		
Interest income	0	0
Dividend income	5,741	4,353
Other	59	125
Total non-operating income	5,801	4,479
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	95	-
Other	3	1
Total non-operating expenses	99	1
Ordinary profit	23,349	19,438
Extraordinary losses		
Loss on retirement of non-current assets	41	44
Other	0	0
Total extraordinary losses	42	44
Profit before income taxes	23,307	19,393
Income taxes-current	1,550	1,788
Income taxes-deferred	3,378	3,321
Total income taxes	4,928	5,110
Profit	18,378	14,283