

Brief Statement of the First Quarter Financial Results for the Fiscal Year Ending March 2023
[Japanese GAAP (Consolidated)]

July 28, 2022

Forward-looking Statement

The statements and figures contained in this Brief Statement of Financial Results for the fiscal year ending March 2023 (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. 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 recover. Therefore, the actual results may differ significantly based the converges of COVID-19 infection.

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) 5533-0861
Registration date of quarterly securities report:	August 12, 2022
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, 2022, to June 30, 2022)

(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 2023	66,514	1.6	25,394	1.4	25,387	1.0	16,594	-16.7
1Q for FY March 2022	65,467	-3.0	25,055	-2.9	25,145	-3.0	19,921	-7.8

[Note] Comprehensive income

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

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

	Basic Earnings per Share (First Quarter)	Diluted Earnings per Share (First Quarter)
	(Yen)	(Yen)
1Q for FY March 2023	10.59	—
1Q for FY March 2022	12.72	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
1Q for FY March 2023	1,273,470	582,574	43.0
FY March 2021 (Annual)	1,263,296	563,963	42.1

<Reference> Shareholders' Equity:

1Q for FY March 2023: 548,082 million yen FY March 2022: 531,880 million yen

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
FY March 2022	—	3.00	—	4.00	7.00
FY March 2023	—				
FY March 2023 (Forecast)		5.00	—	5.00	10.00

<Note> Amendment to dividend forecast: None

3. Forecasts for the Fiscal Year Ending March 2023 (from April 1, 2022, to March 31, 2023)

(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	132,800	1.0	44,300	-8.4	44,400	-9.1	31,800	-18.8	20.30
Annual	268,300	2.3	87,900	152.7	88,200	148.9	62,400	12.1	39.83

<Note> Amendment to business results forecast: None

(Note)

(1) Change in Important Subsidiaries in the Three Months ended June 30, 2022: 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 2023:	1,566,614,098 shares	FY March 2022:	1,566,614,098 shares
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B) Number of treasury shares at the end of period

First Quarter of FY March 2023:	50 shares	FY March 2022:	50 shares
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C) Number of average shares outstanding (accumulated quarterly consolidated period)

First Quarter of FY March 2023:	1,566,614,048 shares	First Quarter of FY March 2022:	1,566,614,098 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, 2022. 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, 2022, the Japanese economy remained under preventive measures against the spread of COVID-19 infection in order to sustain social and economic activities. Despite signs of recovery in consumer spending, the economic situation remained harsh due to such factors as soaring energy prices. Overseas, while the situation varied from country to country, signs of economic recovery became apparent on the back of growth in consumer spending, as the COVID-19 infection began to gradually subside and countries began to accept tourists once again.

In the nonbank business sector, while the market is contracting as a result of the prolonged stagnation of consumer spending due to the impact of COVID-19 infection, signs of recovery are currently becoming evident. Although requests for interest repayment are decreasing, 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 has continued its operating activities while paying due attention to the safety of customers and employees, and provided flexible and courteous support for repayment, etc.

The Company Group formulated a new medium-term management plan beginning in the fiscal year ending March 31, 2023. Based on this plan, the Company Group has articulated its commitment to each of its stakeholders in the “vision,” and has set forth a medium-term policy to promote initiatives to realize this vision in the next three years. Even amid the spread of COVID-19 infection and other changes in the external environment, the Company Group will continue to promote its operating activities in accordance with its vision and medium-term policy.

Consolidated operating revenue for the three months ended June 30, 2022, increased to 66,514 million yen (up 1.6% year-on-year). This is mainly attributable to: the increases in revenue from credit card business and revenue from credit guarantee, in conjunction with the increases in accounts receivable – installment and the balance of guaranteed receivables. Operating expenses also increased to 41,120 million yen (up 1.8% year-on-year) mainly due to an increase in advertising expenses. As a result, operating profit increased to 25,394 million yen (up 1.4% year-on-year) and ordinary profit increased to 25,387 million yen (up 1.0% year-on-year), but profit attributable to owners of parent decreased to 16,594 million yen (down 16.7% year-on-year), mainly due to an increase in income taxes-deferred.

(2) Qualitative Information on Financial Position

Compared with the end of the prior fiscal year, total assets increased by 10,173 million yen and net assets increased by 18,611 million yen as of June 30, 2022. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets increased by 14,194 million yen and non-current assets decreased by 4,020 million yen. Consequently, total assets increased by 10,173 million yen. The breakdown of major changes in current assets is as follows: accounts receivable – operating loans (up 20,277 million yen), accounts receivable – installment (up 3,179 million yen) and cash and deposits (down 9,140 million yen). The breakdown of major decreases in non-current assets is as follows: deferred tax assets (down 3,935 million yen). The combined total of allowance for doubtful accounts recorded under current assets and non-current assets increased by 1,390 million yen.

(Liabilities)

With regard to the liabilities account, changes in current and non-current liabilities were an increase of 15,764 million yen and a decrease of 24,201 million yen, respectively, resulting in a decrease of 8,437 million yen in total liabilities. The breakdown of major changes in liabilities includes: income taxes payable (down 8,405 million yen), provision for loss on interest repayment (down 7,502 million yen) and the outstanding balance of funds procured mainly in the form of loans and bonds payable (up 8,242 million yen).

(Net assets)

In terms of net assets, shareholders' equity increased by 10,328 million yen due to an increase in retained earnings, accumulated other comprehensive income increased by 5,873 million yen due in part to an increase in foreign currency translation adjustment, and non-controlling interests increased by 2,409 million yen. As a result, total net assets increased by 18,611 million yen, and the shareholders' equity ratio increased by 0.9 percentage points to 43.0%.

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

As the Company has announced on May 13, 2022, it expects consolidated business results as follows: 268.3 billion yen of operating revenue; 88.2 billion yen of ordinary profit; and 62.4 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 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, 2022)	Current first quarter (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	74,242	65,102
Accounts receivable - operating loans	975,282	995,559
Accounts receivable - installment	88,640	91,819
Purchased receivables	7,988	7,771
Other	85,479	86,998
Allowance for doubtful accounts	-77,632	-79,056
Total current assets	1,153,999	1,168,193
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,451	3,330
Equipment, net	7,589	7,642
Land	1,351	1,351
Other, net	198	123
Total property, plant and equipment	12,590	12,448
Intangible assets		
Goodwill	1,252	1,122
Software	5,856	6,274
Other	43	43
Total intangible assets	7,152	7,440
Investments and other assets		
Investment securities	1,238	1,245
Retirement benefit asset	5,986	5,846
Deferred tax assets	73,961	70,026
Guarantee deposits	5,133	5,106
Other	3,970	3,867
Allowance for doubtful accounts	-737	-704
Total investments and other assets	89,553	85,387
Total non-current assets	109,296	105,276
Total assets	1,263,296	1,273,470

(Millions of yen)

	Prior fiscal year (As of March 31, 2022)	Current first quarter (As of June 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	797	854
Short-term borrowings	15,284	28,190
Commercial papers	24,999	39,999
Current portion of long-term borrowings	94,429	121,425
Current portion of bonds payable	58,720	28,680
Income taxes payable	13,648	5,242
Provision for loss on guarantees	8,873	8,400
Asset retirement obligations	611	593
Deferred installment income	25	25
Other	12,965	12,708
Total current liabilities	230,355	246,119
Non-current liabilities		
Bonds payable	119,010	120,760
Long-term borrowings	257,899	239,531
Provision for loss on interest repayment	86,200	78,697
Retirement benefit liability	784	862
Asset retirement obligations	4,779	4,665
Other	305	259
Total non-current liabilities	468,978	444,776
Total liabilities	699,333	690,895
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	69,861	69,861
Retained earnings	393,163	403,491
Treasury shares	-0	-0
Total shareholders' equity	526,857	537,185
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	4,306	10,201
Remeasurements of defined benefit plans	716	695
Total accumulated other comprehensive	5,023	10,897
Non-controlling interests	32,082	34,491
Total net assets	563,963	582,574
Total liabilities and net assets	1,263,296	1,273,470

(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, 2021 (From April 1, 2021 to June 30, 2021)	For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
Operating revenue		
Interest on operating loans	41,006	40,945
Credit card revenue	2,605	2,905
Per-item revenue	15	16
Revenue from credit guarantee	13,245	13,837
Collection from purchased receivables	1,105	1,036
Other financial revenue	24	130
Other operating revenue	7,463	7,643
Total operating revenue	65,467	66,514
Operating expenses		
Financial expenses	1,567	1,025
Cost of purchased receivables	472	357
Other operating expenses	38,371	39,737
Total operating expenses	40,411	41,120
Operating profit	25,055	25,394
Non-operating income		
Interest income	0	0
Dividend income	12	25
Share of profit of entities accounted for using equity method	8	6
Rental income from buildings	44	45
Other	27	15
Total non-operating income	94	92
Non-operating expenses		
Interest expenses	2	0
Foreign exchange losses	-	93
Other	2	5
Total non-operating expenses	4	99
Ordinary profit	25,145	25,387

(Millions of yen)

	For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
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	32	45
Other	0	0
Total extraordinary losses	33	46
Profit before income taxes	25,112	25,340
Income taxes-current	1,852	3,091
Income taxes-deferred	2,046	4,206
Total income taxes	3,898	7,297
Profit	21,213	18,042
Profit attributable to non-controlling interests	1,291	1,448
Profit attributable to owners of parent	19,921	16,594

Quarterly Consolidated Statement of Comprehensive Income
 Three months ended June 30

	(Millions of yen)	
	For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
Profit	21,213	18,042
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	3,086	8,290
Remeasurements of defined benefit plans, net of tax	3	-20
Total other comprehensive income	3,089	8,269
Comprehensive income	24,302	26,312
Comprehensive income attributable to:		
Owners of parent	22,126	22,468
Non-controlling interests	2,176	3,844

(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, 2022)	Current first quarter (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	69,334	66,644
Accounts receivable - operating loans	783,155	788,900
Accounts receivable - installment	87,962	91,087
Right to reimbursement	54,519	55,754
Other	18,291	17,332
Allowance for doubtful accounts	-56,600	-57,820
Total current assets	956,664	961,900
Non-current assets		
Property, plant and equipment	11,705	11,593
Intangible assets	6,928	7,232
Investments and other assets		
Deferred tax assets	75,717	72,339
Prepaid pension costs	4,750	4,644
Other	25,447	25,798
Allowance for doubtful accounts	-700	-680
Total investments and other assets	105,215	102,102
Total non-current assets	123,849	120,928
Total assets	1,080,514	1,082,828
Liabilities		
Current liabilities		
Accounts payable-trade	784	846
Short-term borrowings	5,000	10,000
Commercial papers	24,999	39,999
Current portion of long-term borrowings	86,540	110,434
Current portion of bonds payable	45,000	25,000
Income taxes payable	11,087	1,219
Provision for loss on guarantees	8,010	7,590
Asset retirement obligations	611	592
Other	10,517	10,727
Total current liabilities	192,551	206,409
Non-current liabilities		
Bonds payable	95,000	95,000
Long-term borrowings	240,461	224,453
Provision for loss on interest repayment	86,200	78,697
Asset retirement obligations	4,545	4,417
Other	225	207
Total non-current liabilities	426,431	402,775
Total liabilities	618,982	609,185
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	72,322	72,322
Retained earnings	325,375	337,487
Treasury shares	-0	-0
Total shareholders' equity	461,531	473,642
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Total net assets	461,531	473,642
Total liabilities and net assets	1,080,514	1,082,828

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

(Millions of yen)

	For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
Operating revenue		
Interest on operating loans	29,379	29,256
Credit card revenue	2,605	2,905
Revenue from credit guarantee	10,741	11,272
Other financial revenue	0	99
Other operating revenue	5,625	5,846
Total operating revenue	48,352	49,380
Operating expenses		
Financial expenses	847	688
Other operating expenses	29,673	31,044
Total operating expenses	30,520	31,732
Operating profit	17,831	17,647
Non-operating income		
Interest income	0	0
Dividend income	4,435	5,741
Other	55	59
Total non-operating income	4,491	5,801
Non-operating expenses		
Interest expenses	2	0
Foreign exchange losses	-	95
Other	1	3
Total non-operating expenses	4	99
Ordinary profit	22,319	23,349
Extraordinary losses		
Loss on retirement of non-current assets	32	41
Other	0	0
Total extraordinary losses	33	42
Profit before income taxes	22,286	23,307
Income taxes-current	816	1,550
Income taxes-deferred	1,226	3,378
Total income taxes	2,043	4,928
Profit	20,243	18,378