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Brief Statement of the First Quarter Financial Results for the Fiscal Year Ending March 2018 [Japanese GAAP (Consolidated)]

July 28, 2017

Forward-looking Statement

The statements and figures contained in this Brief Statement of the First Quarter Financial Results for the fiscal year ending March 2018 (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:	August 14, 2017
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, 2017, to June 30, 2017)

(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 2018	63,457	6.0	18,036	-2.5	18,386	-1.0	16,353	-5.0
1Q for FY March 2017	59,878	2.1	18,491	-0.6	18,578	-1.1	17,211	1.6

[Note] Comprehensive income

1Q for FY March 2018: 17,044 million yen [8.3%]

1Q for FY March 2017: 15,733 million yen [-9.8%]

	Basic Earnings per Share (First Quarter)	Diluted Earnings per Share (First Quarter)
	(Yen)	(Yen)
1Q for FY March 2018	10.44	–
1Q for FY March 2017	10.99	–

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
1Q for FY March 2018	1,204,475	283,798	22.1
FY March 2017 (Annual)	1,228,930	267,226	20.3

<Reference> Shareholders' Equity:

1Q for FY March 2018: 266,305 million yen

FY March 2017: 250,006 million yen

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
FY March 2017	—	0.00	—	0.00	0.00
FY March 2018	—				
FY March 2018 (Forecast)		0.00	—	—	—

<Note> Amendment to dividend forecast: None

Dividend for fourth quarter of FY March 2018 is undecided at this point.

3. Forecasts for the Fiscal Year Ending March 2018 (from April 1, 2017, to March 31, 2018)

(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	127,100	5.0	35,400	-7.5	35,700	-7.2	31,800	-11.5	20.30
Annual	257,000	4.8	71,300	—	71,800	—	64,200	—	40.98

<Note> Amendment to business results forecast: None

(Note)

(1) Change in Important Subsidiaries in the Three Months ended June 30, 2017: 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)

First Quarter of FY March 2018:	1,596,282,800 shares	FY March 2017:	1,596,282,800 shares

B) Number of treasury stock at the end of period

First Quarter of FY March 2018:	29,668,592 shares	FY March 2017:	29,668,592 shares

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

First Quarter of FY March 2018:	1,566,614,208 shares	First Quarter of FY March 2017:	1,566,614,208 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. 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 2 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 (conference call for domestic institutional investors and financial analysts) on July 28, 2017. The materials for the conference call 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, 2017, the Japanese economy showed signs of gradual improvement in corporate earnings as well as the employment and income environment, combined with moderate recovery in consumer spending, chiefly due to the effects of various economic policies implemented by the government. However, the possibility of an economic downturn remained in Japan due to uncertainty in overseas economies and the impact of fluctuations in the financial and capital markets, though economic recovery is expected to continue in the future.

In the consumer finance industry, the market is gradually expanding while requests for interest repayment have steadily decreased. However, 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, under 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 Company Group has positioned its loan and credit card business, guarantee business and overseas financial business as the three core business categories and has strived to increase market shares in the consumer loan market, while making efforts to contribute to sound growth of the market.

Consolidated operating revenue for the three months ended June 30, 2017, increased to 63,457 million yen (up 6.0% year-on-year) primarily due to increases in interest on operating loans and revenue from credit guarantee. Operating expenses increased to 45,421 million yen (up 9.8% year-on-year) primarily due to an increase in provision of allowance for doubtful accounts. As a result, operating profit decreased to 18,036 million yen (down 2.5% year-on-year), ordinary profit decreased to 18,386 million yen (down 1.0% year-on-year), and profit attributable to owners of parent decreased to 16,353 million yen (down 5.0% year-on-year).

(2) Qualitative Information on Financial Position

Compared with the end of the prior fiscal year, total assets decreased by 24,455 million yen while net assets increased by 16,572 million yen as of June 30, 2017. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets decreased by 25,384 million yen while noncurrent assets increased by 929 million yen. Consequently, total assets decreased by 24,455 million yen. The breakdown of major changes in current assets is as follows: cash and deposits (down 35,079 million yen), loans receivable of banking business (down 2,553 million yen), accounts receivable - operating loans (up 8,073 million yen) and accounts receivable - installment (up 3,256 million yen). The breakdown of major changes in noncurrent assets is as follows: software (up 2,666 million yen), investment securities (down 1,019 million yen), goodwill (down 246 million yen) and buildings and structures (down 162 million yen).

(Liabilities)

With regard to the liabilities account, changes in current and noncurrent liabilities were a decrease of 7,907 million yen and a decrease of 33,120 million yen, respectively, resulting in a decrease of 41,028 million yen in total liabilities. The breakdown of major decreases in liabilities include: loans and bonds payable (down 22,771 million yen), provision for loss on interest repayment (down 16,391 million yen) and deposits of banking business (down 3,077 million yen).

(Net Assets)

In terms of net assets, shareholders’ equity increased by 16,353 million yen mainly due to an increase in retained earnings, accumulated other comprehensive income decreased by 55 million yen, and non-controlling interests increased by 273 million yen. As a result, total net assets increased by 16,572 million yen, and the shareholders’ equity ratio increased by 1.8 percentage points to 22.1%.

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

As the Company has announced on May 10, 2017, it expects consolidated business results as follows: 257.0 billion yen of operating revenue; 71.8 billion yen of ordinary profit; and 64.2 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. The trend of requests for interest repayment in particular is 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, but 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, 2017)	Current first quarter (As of June 30, 2017)
Assets		
Current assets		
Cash and deposits	104,939	69,860
Accounts receivable - operating loans	930,292	938,366
Loans receivable of banking business	45,872	43,318
Accounts receivable - installment	38,648	41,904
Purchased receivables	11,334	10,824
Securities	260	1,105
Trading account securities	4,391	3,841
Raw materials and supplies	79	80
Deferred tax assets	39,106	39,917
Other	69,575	72,941
Allowance for doubtful accounts	-66,685	-69,730
Total current assets	1,177,815	1,152,430
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,289	5,127
Equipment, net	10,681	10,659
Land	6,233	6,229
Other, net	535	462
Total property, plant and equipment	22,739	22,478
Intangible assets		
Goodwill	5,474	5,228
Software	5,082	7,749
Other	42	42
Total intangible assets	10,600	13,020
Investments and other assets		
Investment securities	5,341	4,322
Net defined benefit asset	4,074	3,941
Deferred tax assets	66	17
Guarantee deposits	5,504	5,440
Other	3,550	3,598
Allowance for doubtful accounts	-762	-773
Total investments and other assets	17,775	16,546
Total noncurrent assets	51,115	52,045
Total assets	1,228,930	1,204,475

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current first quarter (As of June 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	413	449
Short-term loans payable	17,627	12,577
Commercial papers	14,997	29,997
Current portion of long-term loans payable	117,907	114,049
Current portion of bonds	25,000	14,890
Deposits of banking business	55,427	52,350
Income taxes payable	3,543	3,057
Provision for loss on guarantees	8,722	9,292
Asset retirement obligations	18	47
Deferred installment income	66	65
Other	13,409	12,449
Total current liabilities	257,134	249,226
Noncurrent liabilities		
Bonds payable	216,838	207,090
Long-term loans payable	313,505	304,499
Deferred tax liabilities	4,037	3,939
Provision for directors' retirement benefits	27	19
Provision for loss on interest repayment	164,900	148,508
Net defined benefit liability	272	283
Asset retirement obligations	4,480	4,441
Other	507	2,667
Total noncurrent liabilities	704,570	671,449
Total liabilities	961,704	920,676
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,578	73,578
Retained earnings	131,837	148,191
Treasury stock	-19,794	-19,794
Total shareholders' equity	249,453	265,807
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4	3
Foreign currency translation adjustment	1,128	1,092
Remeasurements of defined benefit plans	-579	-598
Total accumulated other comprehensive income	552	497
Non-controlling interests	17,219	17,493
Total net assets	267,226	283,798
Total liabilities and net assets	1,228,930	1,204,475

(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, 2016 (From April 1, 2016 to June 30, 2016)	For the three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)
Operating revenue		
Interest on operating loans	38,011	39,440
Interest on loans of banking business	1,750	1,518
Credit card revenue	986	1,351
Per-item revenue	17	18
Revenue from credit guarantee	11,982	13,936
Collection from purchased receivable	1,322	1,096
Other financial revenue	176	174
Other operating revenue	5,630	5,920
Total operating revenue	59,878	63,457
Operating expenses		
Financial expenses	3,773	3,127
Cost of purchased receivable	492	460
Other operating expenses	37,120	41,834
Total operating expenses	41,386	45,421
Operating profit	18,491	18,036
Non-operating income		
Interest income	74	66
Dividend income	7	12
Equity in earnings of affiliates	6	3
House rent income	71	69
Settlement received	-	199
Other	17	66
Total non-operating income	176	418
Non-operating expenses		
Interest expenses	3	2
Foreign exchange losses	83	-
Other	3	66
Total non-operating expenses	90	68
Ordinary profit	18,578	18,386

(Millions of yen)

	For the three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)	For the three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)
Extraordinary income		
Gain on sales of noncurrent assets	0	4
Gain on sales of investment securities	-	25
Total extraordinary income	0	29
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	13	18
Other	0	0
Total extraordinary loss	13	19
Profit before income taxes	18,564	18,397
Income taxes-current	1,770	2,096
Income taxes-deferred	-1,083	-836
Total income taxes	687	1,259
Profit	17,876	17,137
Profit attributable to non-controlling interests	664	783
Profit attributable to owners of parent	17,211	16,353

Quarterly Consolidted Statement of Comprehensive Income
Three months ended June 30

(Millions of yen)

	For the three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)	For the three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)
Profit	17,876	17,137
Other comprehensive income		
Valuation difference on available-for-sale securities	-0	-0
Foreign currency translation adjustment	-2,096	-77
Remeasurements of defined benefit plans, net of tax	-46	-15
Total other comprehensive income	-2,142	-93
Comprehensive income	15,733	17,044
Comprehensive income attributable to:		
Owners of parent	15,693	16,298
Non-controlling interests	40	745

(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

(Notes to Consolidated Statement of Income)

The Company posted settlement regarding discontinued system development as "Settlement received" under Non-operating income

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, 2017)	Current first quarter (As of June 30, 2017)
Assets		
Current assets		
Cash and deposits	90,802	60,000
Accounts receivable - operating loans	784,806	790,894
Accounts receivable - installment	38,109	41,315
Raw materials and supplies	26	28
Deferred tax assets	36,506	36,605
Right to reimbursement	38,525	41,362
Other	20,207	20,010
Allowance for doubtful accounts	-50,750	-53,340
Total current assets	958,234	936,877
Noncurrent assets		
Property, plant and equipment	21,319	21,134
Intangible assets	9,004	11,583
Investments and other assets		
Prepaid pension cost	4,711	4,596
Other	29,407	29,371
Allowance for doubtful accounts	-750	-760
Total investments and other assets	33,369	33,207
Total noncurrent assets	63,693	65,925
Total assets	1,021,927	1,002,802
Liabilities		
Current liabilities		
Accounts payable-trade	402	442
Short-term loans payable	6,000	6,000
Commercial papers	14,997	29,997
Current portion of long-term loans payable	99,666	100,190
Current portion of bonds	25,000	10,000
Income taxes payable	1,679	365
Provision for loss on guarantees	8,100	8,680
Asset retirement obligations	17	46
Other	10,294	9,749
Total current liabilities	166,158	165,473
Noncurrent liabilities		
Bonds payable	176,000	166,000
Long-term loans payable	287,890	277,138
Deferred tax liabilities	1,457	1,422
Provision for loss on interest repayment	164,900	148,508
Asset retirement obligations	4,229	4,186
Other	474	2,637
Total noncurrent liabilities	634,952	599,893
Total liabilities	801,110	765,366
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	76,010	76,010
Retained earnings	100,763	117,383
Treasury stock	-19,794	-19,794
Total shareholders' equity	220,812	237,432
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4	3
Total valuation and translation adjustments	4	3
Total net assets	220,816	237,436
Total liabilities and net assets	1,021,927	1,002,802

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

(Millions of yen)

	For the three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)	For the three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)
Operating revenue		
Interest on operating loans	29,197	29,810
Credit card revenue	986	1,351
Revenue from credit guarantee	10,038	11,654
Other financial revenue	0	3
Other operating revenue	4,611	4,784
Total operating revenue	44,833	47,605
Operating expenses		
Financial expenses	1,904	1,658
Other operating expenses	28,335	32,212
Total operating expenses	30,239	33,870
Operating profit	14,594	13,735
Non-operating income		
Interest income	21	18
Dividend income	870	3,166
Other	90	339
Total non-operating income	983	3,524
Non-operating expenses		
Interest expenses	3	2
Foreign exchange losses	59	-
Other	0	62
Total non-operating expenses	63	65
Ordinary profit	15,513	17,194
Extraordinary income		
Gain on sales of investment securities	-	25
Total extraordinary income	-	25
Extraordinary loss		
Loss on sales of noncurrent assets	0	-
Loss on retirement of noncurrent assets	12	15
Other	0	0
Total extraordinary loss	12	15
Profit before income taxes	15,501	17,204
Income taxes-current	541	718
Income taxes-deferred	-780	-134
Total income taxes	-239	584
Profit	15,740	16,619