(Translation for reference only)
In the event of any discrepancy between this translated document and the original Japanese document the original document shall prevail.

Brief Statement of the Second Quarter Financial Results for the Fiscal Year Ending March 2020 [Japanese GAAP (Consolidated)]

November 5, 2019

Forward-looking Statement

The statements and figures contained in this Brief Statement of the Second Quarter Financial Results for the fiscal year ending March 2020 (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 14, 2019
Commencement date of dividend payment:	December 6, 2019
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, 2019, to September 30, 2019)

(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 2020	139,290	1.4	50,812	6.0	50,144	4.0	45,098	13.2
2Q for FY March 2019	137,323	6.5	47,956	24.9	48,207	24.2	39,839	15.7

[Note] Comprehensive income

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

2Q for FY March 2019: 38,833 million yen [6.8%]

	Basic Earnings per Share (Second Quarter)	Diluted Earnings per Share (Second Quarter)
	(Yen)	(Yen)
2Q for FY March 2020	28.79	–
2Q for FY March 2019	25.43	–

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
2Q for FY March 2020	1,265,097	426,454	31.8
FY March 2019 (Annual)	1,301,908	381,501	27.4

<Reference> Shareholders' Equity:

2Q for FY March 2020: 402,743 million yen FY March 2019: 356,174 million yen

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
FY March 2019	—	1.00	—	1.00	2.00
FY March 2020	—	2.00			
FY March 2020 (Forecast)			—	2.00	4.00

<Note> Amendment to dividend forecast: None

3. Forecasts for the Fiscal Year Ending March 2020 (from April 1, 2019, to March 31, 2020)

(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	275,500	-0.6	87,600	52.1	87,900	51.0	75,500	99.8	48.19

<Note> Amendment to business results forecast: None

(Note)

(1) Change in Important Subsidiaries in the Six Months ended September 30, 2019: 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 2020:1,596,282,800 shares FY March 2019: 1,596,282,800 shares
B) Number of treasury stock at the end of period
Second Quarter of FY March 2020: 29,668,592 shares FY March 2019: 29,668,592 shares
C) Number of average shares outstanding (accumulated quarterly consolidated period)
Second Quarter of FY March 2020:1,566,614,208 shares Second Quarter of FY March 2019: 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 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 an earnings release conference for domestic institutional investors and financial analysts, and a conference call for foreign institutional investors and financial analysts regarding the second quarter financial results for the year ending March 2020 on November 6, 2019. 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.

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
(Quarterly Consolidated Statement of Income): …… 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 six months ended September 30, 2019, the Japanese economy is expected to maintain moderate economic recovery due in part to the various economic policies implemented by the government, while recovery in consumer spending and improvement in the employment and income environment continued. Meanwhile, the possibility of an economic downturn still remained due to uncertainty in the trend of overseas economies and policies and the impact of fluctuations in the financial and capital markets.

In the nonbank business sector, 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, 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.” 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” as set out in the medium-term management plan beginning in the current fiscal year, the Company Group will strive to expand its scope of business in the loan and credit card business, guarantee business and overseas financial business, which the Group has positioned as the three core business categories, while making efforts to contribute to sound growth of the market.

The consolidated business results for the six months ended September 30, 2019, reflects the exclusion of PT. Bank Nusantara Parahyangan, Tbk. (“Bank BNP”), a former consolidated subsidiary, from the scope of consolidation. Operating revenue increased to 139,290 million yen (up 1.4% year-on-year) primarily due to an increase in interest on operating loans of the Company and EASY BUY Public Company Limited in Kingdom of Thailand, in spite of a decrease in interest on loans of banking business due to the exclusion of Bank BNP from the scope of consolidation. On the other hand, operating expenses decreased to 88,478 million yen (down 1.0% year-on-year) primarily due to the exclusion of Bank BNP from the scope of consolidation. As a result, operating profit increased to 50,812 million yen (up 6.0% year-on-year) and ordinary profit increased to 50,144 million yen (up 4.0% year-on-year). Profit attributable to owners of parent increased to 45,098 million yen (up 13.2% year-on-year) due to the posting of 9,875 million yen in extraordinary income resulting from the sale of the shares of Bank BNP and the posting of 4,784 million yen in extraordinary loss primarily attributable to the write down of some equipment of the Company as well as the merger expenses incurred for the said company.

(2) Qualitative Information on Financial Position

Compared with the end of the prior fiscal year, total assets decreased by 36,811 million yen and net assets increased by 44,952 million yen as of September 30, 2019. These changes incorporate exclusion of former consolidated subsidiary, Bank BNP, from the scope of consolidation. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets decreased by 28,837 million yen and noncurrent assets decreased by 7,974 million yen. Consequently, total assets decreased by 36,811 million yen. The breakdown of major changes in current assets is as follows: loans receivable of banking business (down 48,331 million yen), cash and deposits (down 3,325 million yen), accounts receivable - operating loans (up 23,612 million yen), and accounts receivable - installment (up 6,528 million yen). The breakdown of major decreases in noncurrent assets is as follows: investment securities (down 3,082 million yen), equipment (down 2,233 million yen), and deferred tax assets (down 1,740 million yen).

(Liabilities)

With regard to the liabilities account, changes in current and noncurrent liabilities were a decrease of 94,969 million yen and an increase of 13,205 million yen, respectively, resulting in a decrease of 81,763 million yen in total liabilities. The breakdown of major decreases in liabilities includes: deposits of banking business (down 52,319 million yen), provision for loss on interest repayment (down 16,992 million yen), and the outstanding balance of funds procured mainly in the form of loans and bonds payable (down 5,822 million yen).

(Net Assets)

In terms of net assets, shareholders’ equity increased by 43,532 million yen mainly due to an increase in retained earnings, accumulated other comprehensive income increased by 3,037 million yen due to an increase in foreign currency translation adjustment, and non-controlling interests decreased by 1,616 million yen. As a result, total net assets increased by 44,952 million yen, and the shareholders’ equity ratio increased by 4.4 percentage points to 31.8%.

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

As the Company has announced on May 14, 2019, it expects consolidated business results as follows: 275.5 billion yen of operating revenue; 87.9 billion yen of ordinary profit; and 75.5 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 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, 2019)	Current second quarter (As of September 30, 2019)
Assets		
Current assets		
Cash and deposits	85,546	82,220
Accounts receivable - operating loans	1,000,428	1,024,041
Loans receivable of banking business	48,331	–
Accounts receivable - installment	63,740	70,269
Purchased receivables	9,435	9,432
Securities	479	–
Raw materials and supplies	64	39
Other	91,327	86,801
Allowance for doubtful accounts	-76,532	-78,819
Total current assets	1,222,821	1,193,984
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,791	3,576
Equipment, net	9,606	7,372
Land	3,196	3,123
Other, net	1,269	1,005
Total property, plant and equipment	17,864	15,077
Intangible assets		
Goodwill	3,250	2,843
Software	5,387	4,755
Other	50	50
Total intangible assets	8,687	7,648
Investments and other assets		
Investment securities	4,247	1,165
Net defined benefit asset	3,898	3,496
Deferred tax assets	36,117	34,377
Guarantee deposits	5,035	5,075
Other	4,266	5,253
Allowance for doubtful accounts	-1,032	-981
Total investments and other assets	52,534	48,385
Total noncurrent assets	79,086	71,112
Total assets	1,301,908	1,265,097

(Millions of yen)

	Prior fiscal year (As of March 31, 2019)	Current second quarter (As of September 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	509	771
Short-term loans payable	11,547	13,404
Commercial papers	39,998	29,998
Current portion of long-term loans payable	146,714	112,365
Current portion of bonds	41,519	47,365
Deposits of banking business	52,319	−
Income taxes payable	7,772	7,081
Provision for loss on guarantees	9,661	9,002
Asset retirement obligations	10	238
Deferred installment income	42	40
Other	16,728	11,586
Total current liabilities	326,824	231,855
Noncurrent liabilities		
Bonds payable	202,691	196,500
Long-term loans payable	282,671	319,685
Deferred tax liabilities	28	−
Provision for directors' retirement benefits	25	27
Provision for loss on interest repayment	102,300	85,307
Net defined benefit liability	338	485
Asset retirement obligations	4,159	3,893
Other	1,366	887
Total noncurrent liabilities	593,581	606,787
Total liabilities	920,406	838,642
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,549	73,549
Retained earnings	237,058	280,590
Treasury stock	-19,794	-19,794
Total shareholders' equity	354,646	398,178
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-0	-0
Foreign currency translation adjustment	2,832	5,664
Remeasurements of defined benefit plans	-1,304	-1,098
Total accumulated other comprehensive income	1,528	4,565
Non-controlling interests	25,327	23,710
Total net assets	381,501	426,454
Total liabilities and net assets	1,301,908	1,265,097

(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, 2018 (From April 1, 2018 to September 30, 2018)	For the six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Operating revenue		
Interest on operating loans	83,942	87,247
Interest on loans of banking business	2,979	1,567
Credit card revenue	3,741	4,412
Per-item revenue	34	32
Revenue from credit guarantee	30,369	29,846
Collection from purchased receivable	2,276	1,996
Other financial revenue	457	197
Other operating revenue	13,523	13,989
Total operating revenue	137,323	139,290
Operating expenses		
Financial expenses	5,926	4,538
Cost of purchased receivable	914	813
Other operating expenses	82,527	83,126
Total operating expenses	89,367	88,478
Operating profit	47,956	50,812
Non-operating income		
Interest income	106	52
Dividend income	15	25
Equity in earnings of affiliates	6	2
House rent income	142	132
Other	91	65
Total non-operating income	363	277
Non-operating expenses		
Interest expenses	16	12
Foreign exchange losses	41	923
Insurance cancellation losses	48	–
Other	5	9
Total non-operating expenses	113	945
Ordinary profit	48,207	50,144

(Millions of yen)

	For the six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	For the six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Extraordinary income		
Gain on sales of noncurrent assets	36	0
Gain on sales of shares of subsidiaries and associates	–	9,875
Total extraordinary income	36	9,875
Extraordinary loss		
Loss on sales of noncurrent assets	4	0
Loss on retirement of noncurrent assets	39	47
Impairment loss	–	2,370
Loss on sales of investment securities	–	1
Loss on valuation of investment securities	6	–
Merger expenses	–	2,363
Other	1	0
Total extraordinary loss	50	4,784
Profit before income taxes	48,192	55,235
Income taxes-current	5,780	7,140
Income taxes-deferred	246	1,137
Total income taxes	6,027	8,277
Profit	42,165	46,957
Profit attributable to non-controlling interests	2,325	1,859
Profit attributable to owners of parent	39,839	45,098

Quarterly Consolidted Statement of Comprehensive Income
Six months ended September 30

(Millions of yen)

	For the six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	For the six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Profit	42,165	46,957
Other comprehensive income		
Valuation difference on available-for-sale securities	-0	-0
Foreign currency translation adjustment	-3,307	4,551
Remeasurements of defined benefit plans, net of tax	-24	234
Total other comprehensive income	-3,331	4,785
Comprehensive income	38,833	51,743
Comprehensive income attributable to:		
Owners of parent	37,486	48,136
Non-controlling interests	1,347	3,607

(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

(Quarterly Consolidated Statement of Income)

Merger expenses under extraordinary loss includes retirement payments (2,158 million yen), office closing expenses (68 million yen) and inventory disposal expenses (136 million yen), resulting from merger between PT Bank Danamon Indonesia, Tbk. and PT. Bank Nusantara Parahyangan, Tbk., a consolidated subsidiary of ACOM.

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, 2019)	Current second quarter (As of September 30, 2019)
Assets		
Current assets		
Cash and deposits	72,826	78,298
Accounts receivable - operating loans	821,943	836,904
Accounts receivable - installment	63,137	69,645
Raw materials and supplies	34	31
Right to reimbursement	52,608	54,354
Other	21,380	19,986
Allowance for doubtful accounts	-58,410	-61,040
Total current assets	973,522	998,180
Noncurrent assets		
Property, plant and equipment	16,869	14,379
Intangible assets	7,886	6,967
Investments and other assets		
Deferred tax assets	36,919	34,284
Prepaid pension cost	5,458	4,958
Other	30,852	25,300
Allowance for doubtful accounts	-990	-960
Total investments and other assets	72,240	63,583
Total noncurrent assets	96,996	84,930
Total assets	1,070,518	1,083,111
Liabilities		
Current liabilities		
Accounts payable-trade	494	758
Commercial papers	39,998	29,998
Current portion of long-term loans payable	134,718	105,738
Current portion of bonds	28,000	33,000
Income taxes payable	5,348	4,452
Provision for loss on guarantees	8,850	8,210
Asset retirement obligations	10	237
Other	12,899	9,515
Total current liabilities	230,319	191,910
Noncurrent liabilities		
Bonds payable	163,000	158,000
Long-term loans payable	258,876	289,803
Provision for loss on interest repayment	102,300	85,307
Asset retirement obligations	3,901	3,631
Other	1,329	850
Total noncurrent liabilities	529,406	537,593
Total liabilities	759,726	729,503
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	76,010	76,010
Retained earnings	190,743	233,558
Treasury stock	-19,794	-19,794
Total shareholders' equity	310,792	353,607
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-0	-0
Total valuation and translation adjustments	-0	-0
Total net assets	310,792	353,607
Total liabilities and net assets	1,070,518	1,083,111

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

(Millions of yen)

	For the six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	For the six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Operating revenue		
Interest on operating loans	61,572	63,146
Credit card revenue	3,741	4,412
Revenue from credit guarantee	25,321	24,619
Other financial revenue	39	0
Other operating revenue	10,730	11,012
Total operating revenue	101,405	103,191
Operating expenses		
Financial expenses	2,989	2,384
Other operating expenses	62,123	63,486
Total operating expenses	65,112	65,870
Operating profit	36,293	37,320
Non-operating income		
Interest income	30	6
Dividend income	3,449	6,069
Other	226	196
Total non-operating income	3,706	6,272
Non-operating expenses		
Interest expenses	16	12
Foreign exchange losses	21	924
Insurance cancellation losses	48	－
Other	4	3
Total non-operating expenses	91	940
Ordinary profit	39,908	42,652
Extraordinary income		
Gain on sales of noncurrent assets	0	－
Gain on sales of shares of subsidiaries and associates	－	10,824
Total extraordinary income	0	10,824
Extraordinary loss		
Loss on sales of noncurrent assets	3	－
Loss on retirement of noncurrent assets	37	46
Impairment loss	－	2,370
Loss on sales of investment securities	－	1
Loss on valuation of investment securities	6	－
Other	1	0
Total extraordinary loss	48	2,419
Profit before income taxes	39,860	51,057
Income taxes-current	3,081	4,039
Income taxes-deferred	-1	2,635
Total income taxes	3,079	6,674
Profit	36,780	44,382