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

January 30, 2020

Forward-looking Statement

The statements and figures contained in this Brief Statement of the Third 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:	February 14, 2020
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 third quarter.

1. Consolidated Business Results for the Third Quarter Accounting Period (from April 1, 2019, to December 31, 2019)

(1) Consolidated Business Results (Accumulated)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent (Third Quarter)	
	(Millions of yen)	yoy%	(Millions of yen)	yoy%	(Millions of yen)	yoy%	(Millions of yen)	yoy%
3Q for FY March 2020	208,986	1.0	75,370	2.4	74,769	1.0	64,702	11.9
3Q for FY March 2019	206,933	5.6	73,615	21.4	74,020	20.8	57,826	7.0

[Note] Comprehensive income

3Q for FY March 2020: 73,528 million yen [19.8%]

3Q for FY March 2019: 61,396 million yen [5.1%]

	Basic Earnings per Share (Third Quarter)	Diluted Earnings per Share (Third Quarter)
	(Yen)	(Yen)
3Q for FY March 2020	41.30	–
3Q for FY March 2019	36.91	–

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
3Q for FY March 2020	1,272,413	445,106	33.0
FY March 2019 (Annual)	1,301,908	381,501	27.4

<Reference> Shareholders' Equity:

3Q for FY March 2020: 419,817 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 Nine Months ended December 31, 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)

Third 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

Third Quarter of FY March 2020:	29,668,632 shares	FY March 2019:	29,668,592 shares

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

Third Quarter of FY March 2020:	1,566,614,207 shares	Third Quarter of FY March 2019:	1,566,614,208shares

(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 a conference call for domestic institutional investors and financial analysts regarding the third quarter financial results for the year ending March 2020 on January 30, 2020. The materials used at the conference call will be listed 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 nine months ended December 31, 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 the consumer sentiment after the consumption tax hike, the trend of overseas economies, 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 nine months ended December 31, 2019, reflects the exclusion of PT. Bank Nusantara Parahyangan, Tbk. (“Bank BNP”), a former consolidated subsidiary, from the scope of consolidation in April 2019. Operating revenue increased to 208,986 million yen (up 1.0% 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 increased to 133,616 million yen (up 0.2% year-on-year) primarily due to increase in other operating expenses incurred by the Company, in spite of a decrease in operating expenses due to the exclusion of Bank BNP from the scope of consolidation. As a result, operating profit increased to 75,370 million yen (up 2.4% year-on-year) and ordinary profit increased to 74,769 million yen (up 1.0% year-on-year). Profit attributable to owners of parent increased to 64,702 million yen (up 11.9% 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 4,859 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 29,495 million yen and net assets increased by 63,604 million yen as of December 31, 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 21,142 million yen and noncurrent assets decreased by 8,352 million yen. Consequently, total assets decreased by 29,495 million yen. The breakdown of major changes in current assets is as follows: loans receivable of banking business (down 48,331 million yen), accounts receivable - operating loans (up 26,985 million yen), and accounts receivable - installment (up 9,081 million yen). The breakdown of major decreases in noncurrent assets is as follows: investment securities (down 3,083 million yen), equipment (down 2,367 million yen), and deferred tax assets (down 2,164 million yen).

(Liabilities)

With regard to the liabilities account, changes in current liabilities and noncurrent were a decrease of 107,802 million yen and an increase of 14,703 million yen, respectively, resulting in a decrease of 93,099 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 25,797 million yen), and the outstanding balance of funds procured mainly in the form of loans and bonds payable (down 6,393 million yen).

(Net assets)

In terms of net assets, shareholders’ equity increased by 60,002 million yen mainly due to an increase in retained earnings, accumulated other comprehensive income increased by 3,640 million yen due to an increase in foreign currency translation adjustment, and non-controlling interests decreased by 38 million yen. As a result, total net assets increased by 63,604 million yen, and the shareholders’ equity ratio increased by 5.6 percentage points to 33.0%.

(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 third quarter (As of December 31, 2019)
Assets		
Current assets		
Cash and deposits	85,546	85,640
Accounts receivable - operating loans	1,000,428	1,027,413
Loans receivable of banking business	48,331	–
Accounts receivable - installment	63,740	72,822
Purchased receivables	9,435	9,016
Securities	479	–
Raw materials and supplies	64	42
Other	91,327	87,618
Allowance for doubtful accounts	-76,532	-80,874
Total current assets	1,222,821	1,201,679
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,791	3,525
Equipment, net	9,606	7,238
Land	3,196	3,123
Other, net	1,269	886
Total property, plant and equipment	17,864	14,773
Intangible assets		
Goodwill	3,250	2,639
Software	5,387	4,854
Other	50	49
Total intangible assets	8,687	7,544
Investments and other assets		
Investment securities	4,247	1,164
Net defined benefit asset	3,898	4,192
Deferred tax assets	36,117	33,952
Guarantee deposits	5,035	5,008
Other	4,266	5,080
Allowance for doubtful accounts	-1,032	-983
Total investments and other assets	52,534	48,415
Total noncurrent assets	79,086	70,733
Total assets	1,301,908	1,272,413

(Millions of yen)

	Prior fiscal year (As of March 31, 2019)	Current third quarter (As of December 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	509	600
Short-term loans payable	11,547	13,889
Commercial papers	39,998	29,998
Current portion of long-term loans payable	146,714	105,995
Current portion of bonds	41,519	42,317
Deposits of banking business	52,319	−
Income taxes payable	7,772	4,052
Provision for loss on guarantees	9,661	8,685
Asset retirement obligations	10	175
Deferred installment income	42	34
Other	16,728	13,271
Total current liabilities	326,824	219,021
Noncurrent liabilities		
Bonds payable	202,691	198,595
Long-term loans payable	282,671	327,953
Deferred tax liabilities	28	−
Provision for directors' retirement benefits	25	27
Provision for loss on interest repayment	102,300	76,502
Net defined benefit liability	338	504
Asset retirement obligations	4,159	3,897
Other	1,366	804
Total noncurrent liabilities	593,581	608,285
Total liabilities	920,406	827,306
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,549	73,549
Retained earnings	237,058	297,061
Treasury stock	-19,794	-19,794
Total shareholders' equity	354,646	414,648
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-0	-0
Foreign currency translation adjustment	2,832	6,189
Remeasurements of defined benefit plans	-1,304	-1,020
Total accumulated other comprehensive income	1,528	5,168
Non-controlling interests	25,327	25,289
Total net assets	381,501	445,106
Total liabilities and net assets	1,301,908	1,272,413

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income

Nine months ended December 31

(Millions of yen)

	For the nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)
Operating revenue		
Interest on operating loans	126,707	131,731
Interest on loans of banking business	4,489	1,567
Credit card revenue	5,743	6,777
Per-item revenue	50	48
Revenue from credit guarantee	45,964	45,015
Collection from purchased receivable	3,427	3,124
Other financial revenue	636	198
Other operating revenue	19,915	20,522
Total operating revenue	206,933	208,986
Operating expenses		
Financial expenses	8,627	6,364
Cost of purchased receivable	1,388	1,326
Other operating expenses	123,302	125,925
Total operating expenses	133,318	133,616
Operating profit	73,615	75,370
Non-operating income		
Interest income	157	52
Dividend income	15	25
Equity in earnings of affiliates	10	2
House rent income	213	194
Other	120	84
Total non-operating income	517	359
Non-operating expenses		
Interest expenses	24	18
Foreign exchange losses	22	922
Other	65	19
Total non-operating expenses	113	960
Ordinary profit	74,020	74,769

(Millions of yen)

	For the nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)
Extraordinary income		
Gain on sales of noncurrent assets	36	0
Gain on sales of investment securities	3	－
Gain on sales of shares of subsidiaries and associates	－	9,875
Total extraordinary income	40	9,875
Extraordinary loss		
Loss on sales of noncurrent assets	7	0
Loss on retirement of noncurrent assets	117	121
Impairment loss	2,800	2,370
Loss on sales of investment securities	－	1
Loss on valuation of investment securities	6	－
Merger expenses	－	2,363
Other	1	1
Total extraordinary loss	2,932	4,859
Profit before income taxes	71,128	79,785
Income taxes-current	8,524	10,307
Income taxes-deferred	1,210	1,555
Total income taxes	9,735	11,862
Profit	61,392	67,922
Profit attributable to non-controlling interests	3,566	3,220
Profit attributable to owners of parent	57,826	64,702

Quarterly Consolidted Statement of Comprehensive Income
Nine months ended December 31

(Millions of yen)

	For the nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)
Profit	61,392	67,922
Other comprehensive income		
Valuation difference on available-for-sale securities	-0	-0
Foreign currency translation adjustment	46	5,292
Remeasurements of defined benefit plans, net of tax	-42	313
Total other comprehensive income	3	5,606
Comprehensive income	61,396	73,528
Comprehensive income attributable to:		
Owners of parent	57,839	68,342
Non-controlling interests	3,556	5,185

(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 third quarter (As of December 31, 2019)
Assets		
Current assets		
Cash and deposits	72,826	82,984
Accounts receivable - operating loans	821,943	835,294
Accounts receivable - installment	63,137	72,234
Raw materials and supplies	34	33
Right to reimbursement	52,608	54,709
Other	21,380	20,452
Allowance for doubtful accounts	-58,410	-62,650
Total current assets	973,522	1,003,059
Noncurrent assets		
Property, plant and equipment	16,869	14,132
Intangible assets	7,886	6,927
Investments and other assets		
Deferred tax assets	36,919	34,304
Prepaid pension cost	5,458	5,513
Other	30,852	25,089
Allowance for doubtful accounts	-990	-950
Total investments and other assets	72,240	63,958
Total noncurrent assets	96,996	85,018
Total assets	1,070,518	1,088,078
Liabilities		
Current liabilities		
Accounts payable-trade	494	597
Commercial papers	39,998	29,998
Current portion of long-term loans payable	134,718	95,428
Current portion of bonds	28,000	33,000
Income taxes payable	5,348	2,667
Provision for loss on guarantees	8,850	7,900
Asset retirement obligations	10	175
Other	12,899	10,490
Total current liabilities	230,319	180,257
Noncurrent liabilities		
Bonds payable	163,000	158,000
Long-term loans payable	258,876	300,971
Provision for loss on interest repayment	102,300	76,502
Asset retirement obligations	3,901	3,631
Other	1,329	765
Total noncurrent liabilities	529,406	539,871
Total liabilities	759,726	720,128
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	76,010	76,010
Retained earnings	190,743	247,900
Treasury stock	-19,794	-19,794
Total shareholders' equity	310,792	367,949
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	367,949
Total liabilities and net assets	1,070,518	1,088,078

(2) [Reference] Quarterly Non-consolidated Statement of Income

Nine months ended December 31

(Millions of yen)

	For the nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)
Operating revenue		
Interest on operating loans	92,899	95,118
Credit card revenue	5,743	6,777
Revenue from credit guarantee	38,341	37,151
Other financial revenue	16	0
Other operating revenue	15,719	16,059
Total operating revenue	152,720	155,107
Operating expenses		
Financial expenses	4,353	3,488
Other operating expenses	92,986	96,850
Total operating expenses	97,339	100,339
Operating profit	55,380	54,768
Non-operating income		
Interest income	38	9
Dividend income	3,449	7,669
Other	320	277
Total non-operating income	3,809	7,957
Non-operating expenses		
Interest expenses	23	17
Foreign exchange losses	27	921
Other	61	12
Total non-operating expenses	112	952
Ordinary profit	59,077	61,773
Extraordinary income		
Gain on sales of noncurrent assets	0	－
Gain on sales of investment securities	3	－
Gain on sales of shares of subsidiaries and associates	－	10,824
Total extraordinary income	3	10,824
Extraordinary loss		
Loss on sales of noncurrent assets	6	0
Loss on retirement of noncurrent assets	114	119
Impairment loss	2,800	2,370
Loss on sales of investment securities	－	1
Loss on valuation of investment securities	6	－
Other	1	1
Total extraordinary loss	2,928	2,493
Profit before income taxes	56,152	70,103
Income taxes-current	4,269	5,631
Income taxes-deferred	449	2,615
Total income taxes	4,719	8,246
Profit	51,433	61,857