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Brief Statement of the Third Quarter Financial Results for the Fiscal Year Ending March 2021 [Japanese GAAP (Consolidated)]

January 29, 2021

Forward-looking Statement

The statements and figures contained in this Brief Statement of the Third Quarter Financial Results for the fiscal year ending March 2021 (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 15, 2021
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, 2020, to December 31, 2020)

(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 2021	201,021	-3.8	81,878	8.6	82,889	10.9	66,188	2.3
3Q for FY March 2020	208,986	1.0	75,370	2.4	74,769	1.0	64,702	11.9

[Note] Comprehensive income

3Q for FY March 2021: 62,990 million yen [-14.3%]

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

	Basic Earnings per Share (Third Quarter)	Diluted Earnings per Share (Third Quarter)
	(Yen)	(Yen)
3Q for FY March 2021	42.25	–
3Q for FY March 2020	41.30	–

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
3Q for FY March 2021	1,205,021	496,137	38.9
FY March 2020 (Annual)	1,282,389	442,496	32.4

<Reference> Shareholders' Equity:

3Q for FY March 2021: 468,751 million yen FY March 2020: 415,322 million yen

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
FY March 2020	—	2.00	—	2.00	4.00
FY March 2021	—	3.00	—		
FY March 2021 (Forecast)				3.00	6.00

<Note> Amendment to dividend forecast: None

3. Forecasts for the Fiscal Year Ending March 2021 (from April 1, 2020, to March 31, 2021)

(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	263,000	-5.9	89,500	18.3	90,500	20.5	70,300	18.0	44.87

<Note> Amendment to business results forecast: None

(Note)

(1) Change in Important Subsidiaries in the Nine Months ended December 31, 2020: 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 2021: 1,596,282,800 shares FY March 2020: 1,596,282,800 shares
B) Number of treasury stock at the end of period
Third Quarter of FY March 2021: 29,668,702 shares FY March 2020: 29,668,632 shares
C) Number of average shares outstanding (accumulated quarterly consolidated period)
Third Quarter of FY March 2021: 1,566,614,120 shares Third Quarter of FY March 2020: 1,566,614,207shares

(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 2021 on January 29, 2021. 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, 2020, the Japanese economy remained, as in the six months ended September 30, 2020, under preventive measures against COVID-19 infections in order to sustain social and economic activities, and the situation remained uncertain with the ongoing possibility of a re-spread of the infection. Meanwhile, overseas economy remained harshly restrained due in part to the impact of limitations in activities, though situations differ from country to country.

In the nonbank business sector, the market is contracting as a result of a decrease in consumer spending due to the impact of the spread of COVID-19 infection, and while consumer sentiment has begun to show signs of recovery, buoyed in part by the effects of the various economic policies, the outlook has become uncertain due to the second declaration of a state of emergency. Although requests for interest repayment have steadily decreased, 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 will strengthen operating activities while paying due attention to the safety of customers and employees, and will continue to provide flexible and courteous support for repayment, etc.

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.” The target of achieving a “balance of 2.5 trillion yen in the total three core businesses” at the end of the fiscal year ending March 31, 2022, as set out in the medium-term management plan, is becoming extremely difficult amid the spread of COVID-19 infection and other changes in the external environment. Nonetheless, the Company Group will continue endeavoring to achieve the goals of the medium-term management plan 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.”

Consolidated operating revenue for the nine months ended December 31, 2020, decreased to 201,021 million yen (down 3.8% year-on-year). This is attributable to: the effect of the exclusion of PT. Bank Nusantara Parahyangan, Tbk. from the scope of consolidation upon sales of all its shares held by the Company in April 2019; and decreases in accounts receivable - operating loans and guaranteed receivables due to the spread of COVID-19 which led to decreases in interest on operating loans and revenue from credit guarantee. Operating expenses, on the other hand, decreased to 119,143 million yen (down 10.8% year-on-year), mainly due to decreases in provision of allowance for doubtful accounts and allowance for loss on guarantees resulting from decreases in accounts receivable - operating loans and guaranteed receivables, a decrease in advertising expenses resulting from curtailed advertisement for gathering and acquiring new customers associated with the partial reduction in operating activities in response to commuting controls requested by the government. As a result, operating profit increased to 81,878 million yen (up 8.6% year-on-year), ordinary profit increased to 82,889 million yen (up 10.9% year-on-year), and profit attributable to owners of parent increased to 66,188 million yen (up 2.3% year-on-year).

(2) Qualitative Information on Financial Position

Compared with the end of the prior fiscal year, total assets decreased by 77,367 million yen, whereas net assets increased by 53,640 million yen as of December 31, 2020. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets decreased by 72,545 million yen and noncurrent assets decreased by 4,821 million yen. Consequently, total assets decreased by 77,367 million yen. The breakdown of major changes in current assets is as follows: cash and deposits (down 7,271 million yen), accounts receivable - operating loans (down 70,285 million yen) and accounts receivable - installment (up 2,029 million yen). The breakdown of major decreases in noncurrent assets is as follows: deferred tax assets (down 3,134 million yen). The combined total of allowance for doubtful accounts recorded under current assets and noncurrent assets decreased by 8,614 million yen.

(Liabilities)

With regard to the liabilities account, changes in current and noncurrent liabilities were a decrease of 49,446 million yen and a decrease of 81,562 million yen, respectively, resulting in a decrease of 131,008 million yen in total liabilities. The breakdown of major decreases in liabilities includes: the outstanding balance of funds procured mainly in the form of loans and bonds payable (down 101,236 million yen) and provision for loss on interest repayment (down 22,687 million yen).

(Net assets)

In terms of net assets, shareholders’ equity increased by 58,355 million yen mainly due to an increase in retained earnings, accumulated other comprehensive income decreased by 4,926 million yen due to a decrease in foreign currency translation adjustment, and non-controlling interests increased by 212 million yen. As a result, total net

assets increased by 53,640 million yen, and the shareholders' equity ratio increased by 6.5 percentage points to 38.9%.

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

As the Company has announced on October 23, 2020, it expects consolidated business results as follows: 263.0 billion yen of operating revenue; 90.5 billion yen of ordinary profit; and 70.3 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. Actual results may differ from forecast values due to various risk factors.

2. Quarterly Consolidated Financial Statements and Major Notes
(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2020)	Current third quarter (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	82,545	75,273
Accounts receivable - operating loans	1,041,711	971,425
Accounts receivable - installment	75,726	77,756
Purchased receivables	9,188	9,143
Raw materials and supplies	42	34
Other	87,162	81,635
Allowance for doubtful accounts	-82,974	-74,412
Total current assets	1,213,402	1,140,856
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,516	3,262
Equipment, net	7,606	7,494
Land	3,123	2,881
Other, net	910	625
Total property, plant and equipment	15,156	14,263
Intangible assets		
Goodwill	2,436	1,899
Software	5,056	4,942
Other	49	48
Total intangible assets	7,542	6,891
Investments and other assets		
Investment securities	1,165	1,203
Net defined benefit asset	2,379	2,766
Deferred tax assets	33,835	30,700
Guarantee deposits	5,041	5,092
Other	4,839	4,167
Allowance for doubtful accounts	-973	-921
Total investments and other assets	46,287	43,009
Total noncurrent assets	68,986	64,165
Total assets	1,282,389	1,205,021

(Millions of yen)

	Prior fiscal year (As of March 31, 2020)	Current third quarter (As of December 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	682	747
Short-term loans payable	15,330	9,822
Commercial papers	29,998	-
Current portion of long-term loans payable	91,048	78,784
Current portion of bonds	48,026	53,030
Income taxes payable	7,888	3,885
Provision for loss on guarantees	9,475	8,045
Asset retirement obligations	32	259
Deferred installment income	36	21
Other	14,173	12,652
Total current liabilities	216,694	167,248
Noncurrent liabilities		
Bonds payable	196,300	168,390
Long-term loans payable	333,388	302,830
Provision for directors' retirement benefits	28	-
Provision for loss on interest repayment	87,600	64,912
Net defined benefit liability	676	671
Asset retirement obligations	4,375	4,010
Other	828	821
Total noncurrent liabilities	623,198	541,635
Total liabilities	839,892	708,884
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,549	73,549
Retained earnings	291,959	350,315
Treasury stock	-19,794	-19,794
Total shareholders' equity	409,547	467,902
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	6
Foreign currency translation adjustment	7,956	2,445
Remeasurements of defined benefit plans	-2,180	-1,603
Total accumulated other comprehensive income	5,775	848
Non-controlling interests	27,173	27,386
Total net assets	442,496	496,137
Total liabilities and net assets	1,282,389	1,205,021

(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, 2019 (From April 1, 2019 to December 31, 2019)	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Operating revenue		
Interest on operating loans	131,731	127,381
Interest on loans of banking business	1,567	-
Credit card revenue	6,777	7,462
Per-item revenue	48	44
Revenue from credit guarantee	45,015	42,189
Collection from purchased receivable	3,124	2,957
Other financial revenue	198	7
Other operating revenue	20,522	20,978
Total operating revenue	208,986	201,021
Operating expenses		
Financial expenses	6,364	4,539
Cost of purchased receivable	1,326	1,123
Other operating expenses	125,925	113,480
Total operating expenses	133,616	119,143
Operating profit	75,370	81,878
Non-operating income		
Interest income	52	1
Dividend income	25	25
Equity in earnings of affiliates	2	32
House rent income	194	139
Subsidy income	-	760
Other	84	102
Total non-operating income	359	1,061
Non-operating expenses		
Interest expenses	18	12
Foreign exchange losses	922	22
Loss on cancellation of insurance policies	6	11
Other	12	4
Total non-operating expenses	960	50
Ordinary profit	74,769	82,889

(Millions of yen)

	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Gain on sales of investment securities	-	23
Gain on sales of shares of subsidiaries and associates	9,875	-
Total extraordinary income	9,875	23
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	121	99
Impairment loss	2,370	270
Loss on sales of investment securities	1	-
Merger expenses	2,363	-
Other	1	0
Total extraordinary loss	4,859	369
Profit before income taxes	79,785	82,543
Income taxes-current	10,307	9,779
Income taxes-deferred	1,555	2,602
Total income taxes	11,862	12,381
Profit	67,922	70,161
Profit attributable to non-controlling interests	3,220	3,972
Profit attributable to owners of parent	64,702	66,188

Quarterly Consolidted Statement of Comprehensive Income
Nine months ended December 31

(Millions of yen)

	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Profit	67,922	70,161
Other comprehensive income		
Valuation difference on available-for-sale securities	-0	6
Foreign currency translation adjustment	5,292	-7,764
Remeasurements of defined benefit plans, net of tax	313	586
Total other comprehensive income	5,606	-7,171
Comprehensive income	73,528	62,990
Comprehensive income attributable to:		
Owners of parent	68,342	61,262
Non-controlling interests	5,185	1,728

(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, 2020)	Current third quarter (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	78,870	70,806
Accounts receivable - operating loans	840,847	787,109
Accounts receivable - installment	75,035	77,216
Raw materials and supplies	27	26
Right to reimbursement	54,351	51,760
Other	20,660	18,053
Allowance for doubtful accounts	-63,470	-55,210
Total current assets	1,006,323	949,763
Noncurrent assets		
Property, plant and equipment	14,453	13,659
Intangible assets	6,994	6,519
Investments and other assets		
Deferred tax assets	33,921	31,229
Prepaid pension cost	5,264	4,852
Other	24,324	25,518
Allowance for doubtful accounts	-930	-890
Total investments and other assets	62,579	60,710
Total noncurrent assets	84,028	80,889
Total assets	1,090,351	1,030,652
Liabilities		
Current liabilities		
Accounts payable-trade	673	743
Commercial papers	29,998	－
Current portion of long-term loans payable	79,006	66,895
Current portion of bonds	33,000	38,000
Income taxes payable	5,127	2,402
Provision for loss on guarantees	8,640	7,320
Asset retirement obligations	31	153
Other	11,273	9,870
Total current liabilities	167,751	125,385
Noncurrent liabilities		
Bonds payable	160,000	140,000
Long-term loans payable	310,339	283,512
Provision for loss on interest repayment	87,600	64,912
Asset retirement obligations	4,103	3,867
Other	791	714
Total noncurrent liabilities	562,834	493,005
Total liabilities	730,585	618,391
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	76,010	76,010
Retained earnings	239,716	292,205
Treasury stock	-19,794	-19,794
Total shareholders' equity	359,765	412,254
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	6
Total valuation and translation adjustments	0	6
Total net assets	359,765	412,261
Total liabilities and net assets	1,090,351	1,030,652

(2) [Reference] Quarterly Non-consolidated Statement of Income
Nine months ended December 31

(Millions of yen)

	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Operating revenue		
Interest on operating loans	95,118	91,550
Credit card revenue	6,777	7,462
Revenue from credit guarantee	37,151	34,413
Other financial revenue	0	0
Other operating revenue	16,059	16,121
Total operating revenue	155,107	149,547
Operating expenses		
Financial expenses	3,488	2,935
Other operating expenses	96,850	85,339
Total operating expenses	100,339	88,274
Operating profit	54,768	61,272
Non-operating income		
Interest income	9	5
Dividend income	7,669	6,339
Other	277	934
Total non-operating income	7,957	7,279
Non-operating expenses		
Interest expenses	17	11
Foreign exchange losses	921	21
Loss on cancellation of insurance policies	6	11
Other	5	3
Total non-operating expenses	952	48
Ordinary profit	61,773	68,503
Extraordinary income		
Gain on sales of investment securities	－	23
Gain on sales of shares of subsidiaries and associates	10,824	－
Total extraordinary income	10,824	23
Extraordinary loss		
Loss on sales of noncurrent assets	0	－
Loss on retirement of noncurrent assets	119	96
Impairment loss	2,370	270
Loss on sales of investment securities	1	－
Other	1	0
Total extraordinary loss	2,493	366
Profit before income taxes	70,103	68,160
Income taxes-current	5,631	5,147
Income taxes-deferred	2,615	2,691
Total income taxes	8,246	7,838
Profit	61,857	60,322