

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

July 30, 2020

Forward-looking Statement

The statements and figures contained in this Brief Statement of the First 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:	August 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 first quarter.

1. Consolidated Business Results for the First Quarter Accounting Period (from April 1, 2020, to June 30, 2020)

(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 2021	67,474	-3.2	25,796	3.4	25,926	7.0	21,611	-19.0
1Q for FY March 2020	69,735	2.5	24,959	8.2	24,231	4.4	26,670	40.6

[Note] Comprehensive income

1Q for FY March 2021: 15,436 million yen [-51.2%]

1Q for FY March 2020: 31,646 million yen [72.8%]

	Basic Earnings per Share (First Quarter)	Diluted Earnings per Share (First Quarter)
	(Yen)	(Yen)
1Q for FY March 2021	13.80	—
1Q for FY March 2020	17.02	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
1Q for FY March 2021	1,231,768	453,283	34.8
FY March 2020 (Annual)	1,282,389	442,496	32.4

<Reference> Shareholders' Equity:

1Q for FY March 2021: 428,562 million yen FY March 2020: 415,332 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	—	—	—	—	—
FY March 2021 (Forecast)	—	—	—	—	—

<Note> Dividend forecast for the fiscal year ending March 2021 is undetermined since earnings forecast is under examination.

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

The environment surrounding the company Group is uncertain due to factors including the spread of new coronavirus infections, which are likely to slow economic activity and prolong the deterioration of the global economy.

The company Group is engaged within and outside Japan, making it difficult to make a reasonable projection of its financial performance at this point. Therefore, the outlook of the Group's consolidated financial performance for the fiscal year ending March 2021 is undetermined at this point.

The Company will promptly announce the earnings forecast once determination of forecast becomes possible.

(Note)

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

First Quarter of FY March 2021:	1,596,282,800 shares	FY March 2020:	1,596,282,800 shares
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B) Number of treasury stock at the end of period

First Quarter of FY March 2021:	29,668,672 shares	FY March 2020:	29,668,632 shares
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C) Number of average shares outstanding (accumulated quarterly consolidated period)

First Quarter of FY March 2021:	1,566,614,160 shares	First Quarter of FY March 2020:	1,566,614,208 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 (conference call for domestic institutional investors and financial analysts) on July 30, 2020. 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, 2020, the Japanese economy was harshly restrained. This was attributable to expanded voluntary restrictions in activities outside of the home and official requests for voluntary restraints in operating activities in some business sectors due to the impact from the spread of COVID-19. Meanwhile, overseas economy was harshly restrained in similar manner. Local governments imposed curfews under emergency declarations, limitations in activities, and city-wide lockdowns, though situations differ from country to country.

In such an environment, operation bases of the Company Group were forced to suspend businesses and reduce operating hours. However, the Company Group will continue endeavoring to collect information regarding spread of COVID-19 and provide flexible and courteous support for repayment, etc., while paying due attention to the safety of employees.

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.

Consolidated operating revenue for the three months ended June 30, 2020, decreased to 67,474 million yen (down 3.2% year-on-year), primarily due 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. On the other hand, operating expenses decreased to 41,677 million yen (down 6.9% year-on-year), mainly due to 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 25,796 million yen (up 3.4% year-on-year) and ordinary profit increased to 25,926 million yen (up 7.0% year-on-year). Profit attributable to owners of parent recorded a significant year-on-year decrease to 21,611 million yen (down 19.0% year-on-year) as the three months ended June 30, 2019 included posting of the gain on sales of stocks, etc. of PT. Bank Nusantara Parahyangan, Tbk.

(2) Qualitative Information on Financial Position

Compared with the end of the prior fiscal year, total assets decreased by 50,620 million yen and net assets increased by 10,786 million yen as of June 30, 2020. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets decreased by 49,645 million yen and noncurrent assets decreased by 975 million yen. Consequently, total assets decreased by 50,620 million yen. The breakdown of major changes in current assets is as follows: accounts receivable - operating loans (down 42,953 million yen), cash and deposits (down 5,416 million yen). The breakdown of major decreases in noncurrent assets is as follows: goodwill (down 203 million yen) and net defined benefit asset (down 156 million yen).

(Liabilities)

With regard to the liabilities account, changes in current and noncurrent liabilities were a decrease of 4,453 million yen and a decrease of 16,877 million yen, respectively, resulting in a decrease of 6,147 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 46,497 million yen), and provision for loss on interest repayment (down 6,854 million yen).

(Net assets)

In terms of net assets, shareholders' equity increased by 18,478 million yen mainly due to an increase in retained earnings, accumulated other comprehensive income decreased by 5,239 million yen due to a decrease in foreign currency translation adjustment, and non-controlling interests decreased by 2,452 million yen. As a result, total net assets increased by 10,786 million yen, and the shareholders' equity ratio increased by 2.4 percentage points to 34.8%.

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

As the Company has announced on May 14, 2020, it has not yet set the forecast, given the difficulty of making a reasonable business performance forecast under the impacts of the spread of COVID-19. The Company will promptly announce the earnings forecast once determination of forecast becomes possible.

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 first quarter (As of June 30, 2020)
Assets		
Current assets		
Cash and deposits	82,545	77,129
Accounts receivable - operating loans	1,041,711	998,757
Accounts receivable - installment	75,726	75,854
Purchased receivables	9,188	8,679
Raw materials and supplies	42	52
Other	87,162	86,193
Allowance for doubtful accounts	-82,974	-82,910
Total current assets	1,213,402	1,163,757
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,516	3,422
Equipment, net	7,606	7,651
Land	3,123	3,123
Other, net	910	796
Total property, plant and equipment	15,156	14,993
Intangible assets		
Goodwill	2,436	2,232
Software	5,056	5,046
Other	49	49
Total intangible assets	7,542	7,328
Investments and other assets		
Investment securities	1,165	1,181
Net defined benefit asset	2,379	2,223
Deferred tax assets	33,835	33,705
Guarantee deposits	5,041	4,898
Other	4,839	4,590
Allowance for doubtful accounts	-973	-911
Total investments and other assets	46,287	45,689
Total noncurrent assets	68,986	68,011
Total assets	1,282,389	1,231,768

(Millions of yen)

	Prior fiscal year (As of March 31, 2020)	Current first quarter (As of June 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	682	610
Short-term loans payable	15,330	13,181
Commercial papers	29,998	11,999
Current portion of long-term loans payable	91,048	81,158
Current portion of bonds	48,026	41,360
Income taxes payable	7,888	5,527
Provision for loss on guarantees	9,475	8,276
Asset retirement obligations	32	45
Deferred installment income	36	29
Other	14,173	9,974
Total current liabilities	216,694	172,164
Noncurrent liabilities		
Bonds payable	196,300	181,730
Long-term loans payable	333,388	338,166
Provision for directors' retirement benefits	28	-
Provision for loss on interest repayment	87,600	80,745
Net defined benefit liability	676	639
Asset retirement obligations	4,375	4,306
Other	828	733
Total noncurrent liabilities	623,198	606,321
Total liabilities	839,892	778,485
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,549	73,549
Retained earnings	291,959	310,438
Treasury stock	-19,794	-19,794
Total shareholders' equity	409,547	428,025
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	7,956	2,519
Remeasurements of defined benefit plans	-2,180	-1,983
Total accumulated other comprehensive	5,775	536
Non-controlling interests	27,173	24,721
Total net assets	442,496	453,283
Total liabilities and net assets	1,282,389	1,231,768

(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, 2019 (From April 1, 2019 to June 30, 2019)	For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)
Operating revenue		
Interest on operating loans	43,300	43,819
Interest on loans of banking business	1,567	-
Credit card revenue	2,146	2,444
Per-item revenue	16	17
Revenue from credit guarantee	14,879	14,450
Collection from purchased receivable	999	784
Other financial revenue	193	0
Other operating revenue	6,632	5,957
Total operating revenue	69,735	67,474
Operating expenses		
Financial expenses	2,640	1,590
Cost of purchased receivable	406	282
Other operating expenses	41,729	39,805
Total operating expenses	44,776	41,677
Operating profit	24,959	25,796
Non-operating income		
Interest income	51	0
Dividend income	24	24
Equity in earnings of affiliates	2	17
House rent income	67	46
Other	50	59
Total non-operating income	196	149
Non-operating expenses		
Interest expenses	6	4
Foreign exchange losses	916	13
Other	0	1
Total non-operating expenses	923	19
Ordinary profit	24,231	25,926

	(Millions of yen)	
	For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)	For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Gain on sales of shares of subsidiaries and associates	9,875	-
Total extraordinary income	9,875	0
Extraordinary loss		
Loss on sales of noncurrent assets	0	-
Loss on retirement of noncurrent assets	10	7
Merger expenses	2,363	-
Other	0	-
Total extraordinary loss	2,374	7
Profit before income taxes	31,732	25,918
Income taxes-current	3,247	3,256
Income taxes-deferred	1,283	-228
Total income taxes	4,531	3,027
Profit	27,200	22,890
Profit attributable to non-controlling interests	530	1,279
Profit attributable to owners of parent	26,670	21,611

Quarterly Consolidated Statement of Comprehensive Income
Three months ended June 30

	(Millions of yen)	
	For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)	For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)
Profit	27,200	22,890
Other comprehensive income		
Valuation difference on available-for-sale securities	-0	-0
Foreign currency translation adjustment	4,290	-7,656
Remeasurements of defined benefit plans, net of tax	155	202
Total other comprehensive income	4,446	-7,454
Comprehensive income	31,646	15,436
Comprehensive income attributable to:		
Owners of parent	29,445	16,372
Non-controlling interests	2,201	-936

(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 first quarter (As of June 30, 2020)
Assets		
Current assets		
Cash and deposits	78,870	77,735
Accounts receivable - operating loans	840,847	813,337
Accounts receivable - installment	75,035	75,253
Raw materials and supplies	27	39
Right to reimbursement	54,351	55,158
Other	20,660	18,011
Allowance for doubtful accounts	-63,470	-63,930
Total current assets	1,006,323	975,606
Noncurrent assets		
Property, plant and equipment	14,453	14,370
Intangible assets	6,994	6,860
Investments and other assets		
Deferred tax assets	33,921	33,698
Prepaid pension cost	5,264	4,854
Other	24,324	25,712
Allowance for doubtful accounts	-930	-870
Total investments and other assets	62,579	63,396
Total noncurrent assets	84,028	84,627
Total assets	1,090,351	1,060,233
Liabilities		
Current liabilities		
Accounts payable-trade	673	608
Commercial papers	29,998	11,999
Current portion of long-term loans payable	79,006	65,615
Current portion of bonds	33,000	28,000
Income taxes payable	5,127	2,158
Provision for loss on guarantees	8,640	7,450
Asset retirement obligations	31	44
Other	11,273	8,149
Total current liabilities	167,751	124,026
Noncurrent liabilities		
Bonds payable	160,000	150,000
Long-term loans payable	310,339	322,188
Provision for loss on interest repayment	87,600	80,745
Asset retirement obligations	4,103	4,058
Other	791	698
Total noncurrent liabilities	562,834	557,689
Total liabilities	730,585	681,716
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	76,010	76,010
Retained earnings	239,716	258,468
Treasury stock	-19,794	-19,794
Total shareholders' equity	359,765	378,517
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Total net assets	359,765	378,517
Total liabilities and net assets	1,090,351	1,060,233

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

	(Millions of yen)	
	For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)	For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)
Operating revenue		
Interest on operating loans	31,388	31,155
Credit card revenue	2,146	2,444
Revenue from credit guarantee	12,280	11,800
Other financial revenue	0	0
Other operating revenue	5,118	4,646
Total operating revenue	50,933	50,046
Operating expenses		
Financial expenses	1,194	1,010
Other operating expenses	31,549	29,473
Total operating expenses	32,744	30,483
Operating profit	18,188	19,562
Non-operating income		
Interest income	3	2
Dividend income	6,068	4,538
Other	115	105
Total non-operating income	6,187	4,647
Non-operating expenses		
Interest expenses	6	4
Foreign exchange losses	916	12
Other	0	0
Total non-operating expenses	923	17
Ordinary profit	23,452	24,192
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	10,824	-
Total extraordinary income	10,824	-
Extraordinary loss		
Loss on retirement of noncurrent assets	10	7
Other	0	-
Total extraordinary loss	10	7
Profit before income taxes	34,266	24,185
Income taxes-current	1,848	2,077
Income taxes-deferred	2,963	222
Total income taxes	4,811	2,300
Profit	29,454	21,884