
Earnings Release Presentation

The First Quarter Financial Results for the Fiscal Year Ending March 2021



ACOM CO., LTD.

<https://www.acom.co.jp/corp/english/ir/>

July 30, 2020



Annual Forecast for the FY March 2021

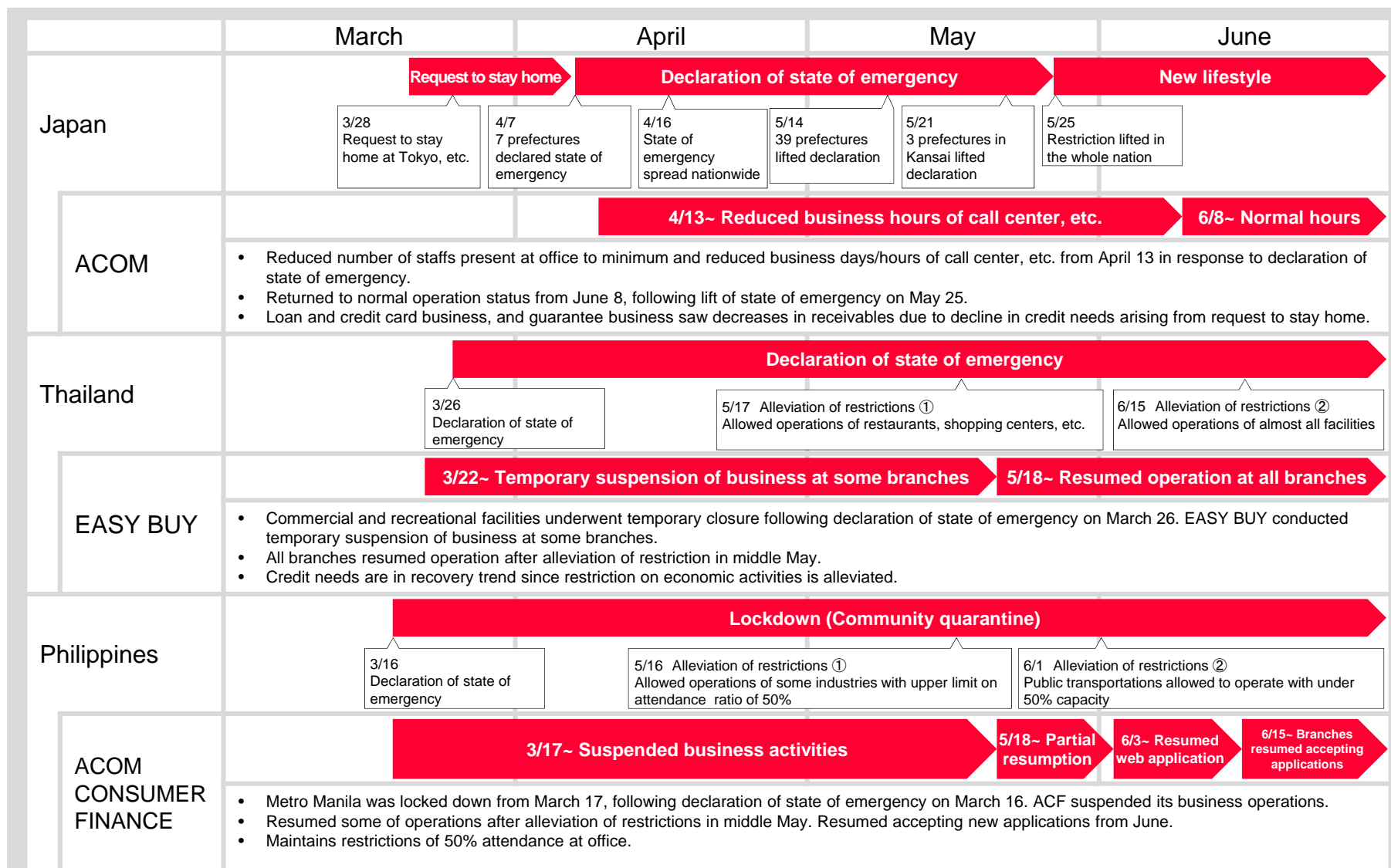
The environment surrounding the Company Group is uncertain due to factors including the spread of new coronavirus infections, which are likely to slow economic activity and prolong the deterioration of the global economy.

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 remains undetermined at this point.

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



Impact from Spread of New Coronavirus Infection





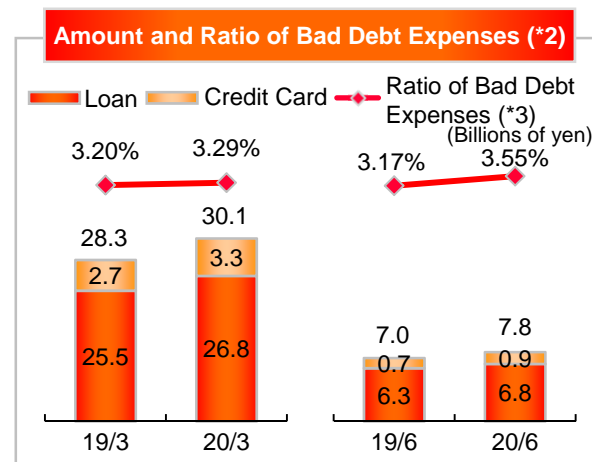
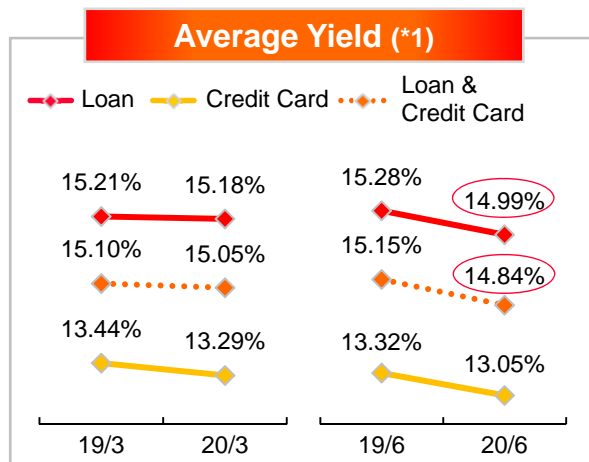
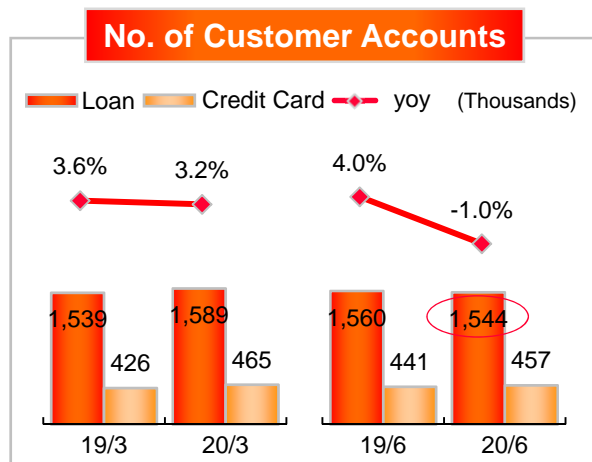
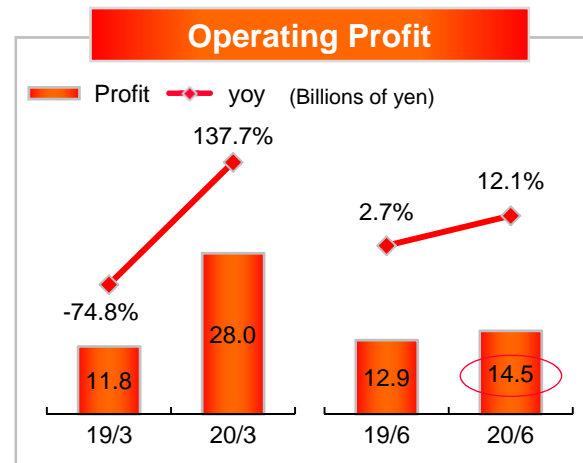
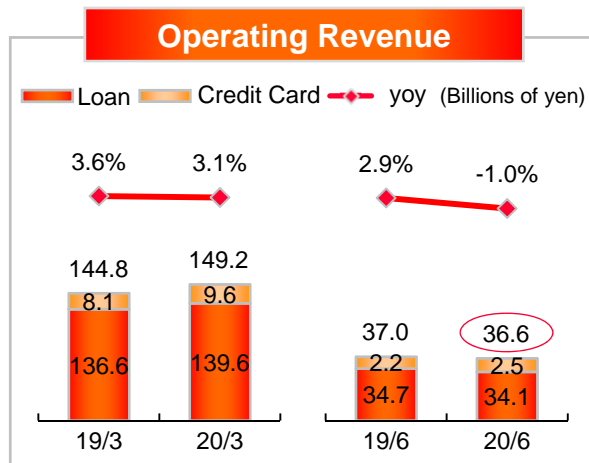
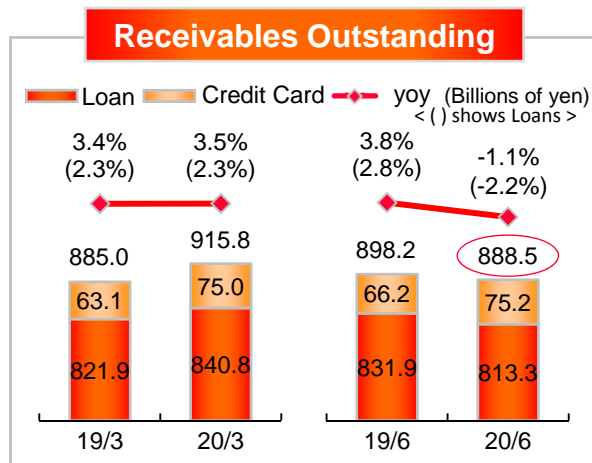
Financial Results Summary

	A	B	C	D	E	F	G	H
	Consolidated				Non-consolidated			
(Millions of yen, %)	2019/6		2020/6		2019/6		2020/6	
<B/S>	Results	yoy	Results	yoy	Results	yoy	Results	yoy
1 Receivables Outstanding	2,309,248	0.7	2,281,420	-1.2	1,959,825	2.0	1,928,112	-1.6
2 Loan & Credit Card Business	898,254	3.8	888,591	-1.1	898,254	3.8	888,591	-1.1
3 Guarantee Business	1,217,952	1.3	1,198,129	-1.6	1,061,571	0.5	1,039,521	-2.1
4 Overseas Financial Business	183,665	-14.3	185,991	1.3	-	-	-	-
<P/L>								
5 Operating Revenue	69,735	2.5	67,474	-3.2	50,933	1.4	50,046	-1.7
6 Loan & Credit Card Business	37,025	2.9	36,669	-1.0	37,025	2.9	36,669	-1.0
7 Guarantee Business	16,595	-1.3	16,112	-2.9	13,890	-2.2	13,359	-3.8
8 Overseas Financial Business	14,836	7.2	13,748	-7.3	-	-	-	-
9 EASY BUY	12,984	7.4	13,696	5.5	-	-	-	-
10 Operating Expenses	44,776	-0.5	41,677	-6.9	32,744	-0.9	30,483	-6.9
11 Financial Expenses	2,640	-10.3	1,590	-39.8	1,194	-17.7	1,010	-15.4
12 Provision for Bad Debts	19,455	-0.1	19,157	-1.5	14,856	0.1	13,530	-8.9
13 Provision for Loss on Interest Repayment	-	-	-	-	-	-	-	-
14 Other Operating Expenses	22,680	0.5	20,929	-7.7	16,693	-0.2	15,943	-4.5
15 Operating Profit	24,959	8.2	25,796	3.4	18,188	5.8	19,562	7.6
16 Ordinary Profit	24,231	4.4	25,926	7.0	23,452	13.0	24,192	3.2
17 Profit Before Income Taxes	31,732	36.7	25,918	-18.3	34,266	65.3	24,185	-29.4
18 Profit	27,200	35.1	22,890	-15.8	29,454	54.7	21,884	-25.7
19 Profit Attributable to Owners of Parent	26,670	40.6	21,611	-19.0	-	-	-	-



Loan and Credit Card Business (ACOM)

- **Receivables Outstanding** : Decreased by 1.1% yoy to 888.5 billion yen due to decline in the demand for funds mainly associated with voluntary restrictions in customer activities outside of the home.
- **Operating Revenue** : Decreased by 1.0% yoy to 36.6 billion yen due to decrease in interest on operating loans.
- **Operating Profit** : Increased by 12.1% yoy to 14.5 billion yen owing to decrease in operating expenses.



*1. Average yield of credit card is calculated by receivables and fees of revolving.

*2. Amount and ratio of bad debt expenses exclude waiver of repayments accompanying requests for interest repayment.

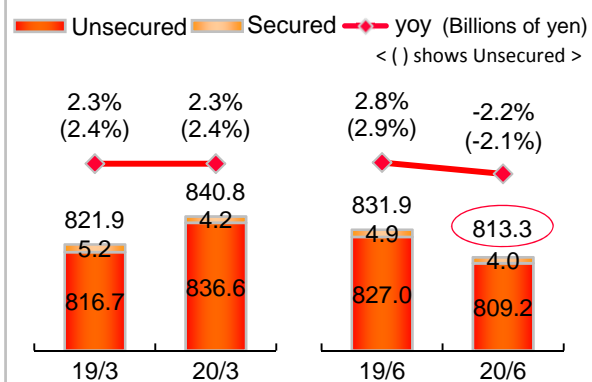
*3. The ratios of bad debt expenses for 19/6 and 20/6 are recalculated into annual basis.



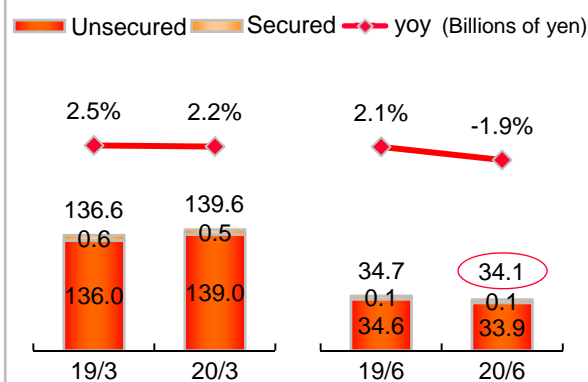
Loan Business (ACOM)

- **Receivables Outstanding** : Decreased by 2.2% yoy to 813.3 billion yen.
- **Operating Revenue** : Decreased by 1.9% yoy to 34.1 billion yen.
- **No. of New Customers** : Decreased by 50.2% yoy to 35 thousands due to decline in the demand for funds and restraint in advertisements placed.

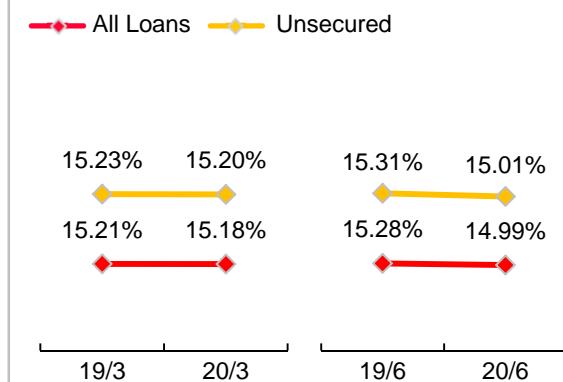
Receivables Outstanding



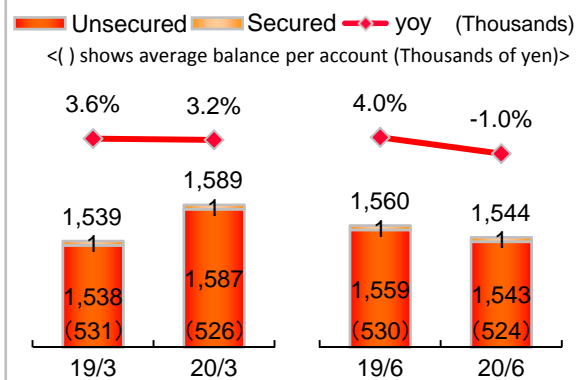
Operating Revenue



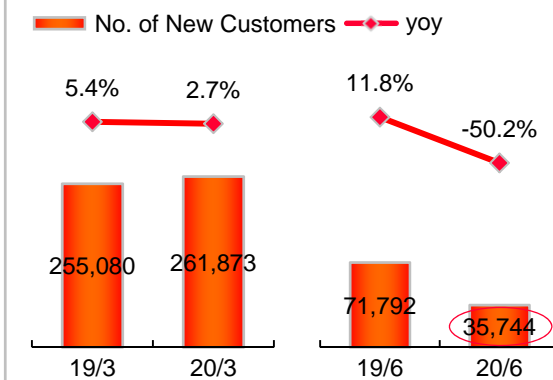
Average Loan Yield



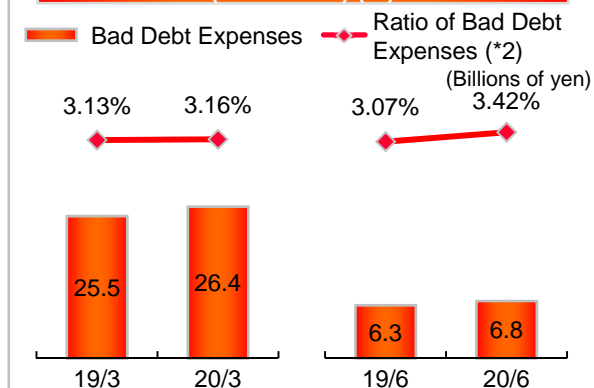
No. of Customer Accounts



No. of New Customers (Unsecured)



Amount and Ratio of Bad Debt Expenses (Unsecured) (*1)



*1. Amount and ratio of bad debt expenses exclude waiver of repayments accompanying interest repayment.

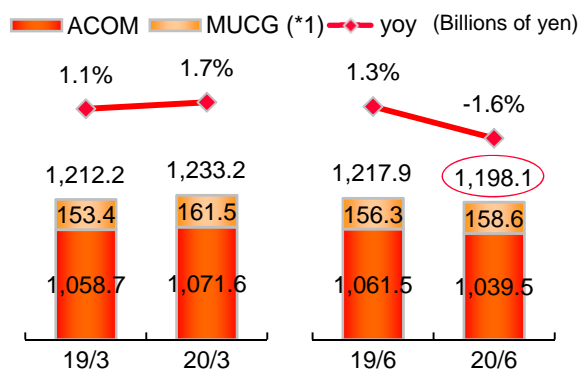
*2. The ratios of bad debt expenses for 19/6 and 20/6 are recalculated into annual basis.



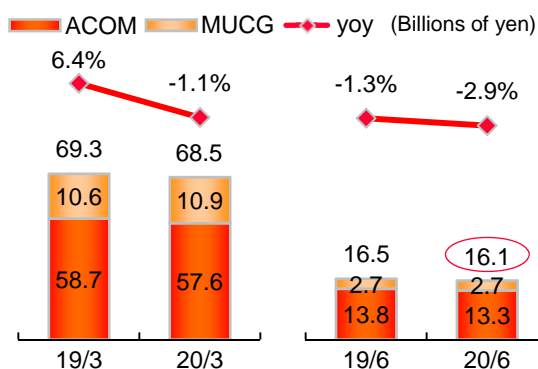
Guarantee Business (ACOM and MU Credit Guarantee)

- **Guaranteed Receivables** : Decreased by 1.6% yoy to 1,198.1 billion yen due to decline in the demand for funds mainly associated with voluntary restrictions in customer activities outside of the home.
- **Operating Revenue** : Decreased by 2.9% yoy to 16.1 billion yen due to a decrease in guaranteed receivables and revision of guarantee fees.
- **Operating Profit** : Decreased by 5.4% yoy to 5.9 billion yen.

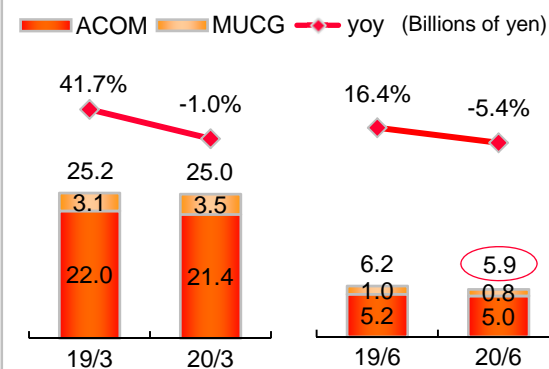
Guaranteed Receivables



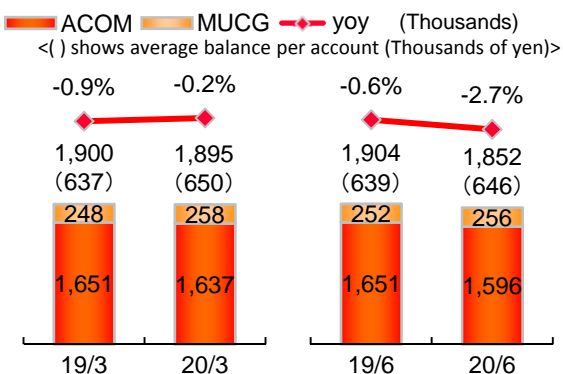
Operating Revenue



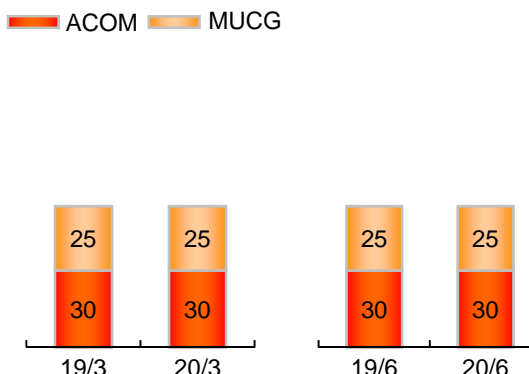
Operating Profit



No. of Customer Accounts

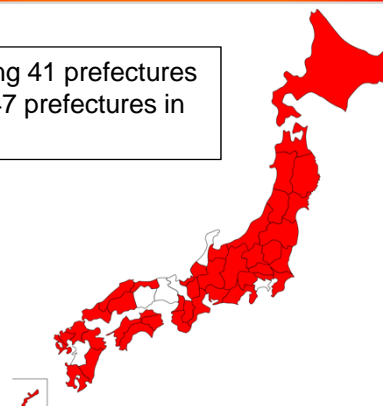


No. of Alliance Partners (*2)



Prefectures with Alliance Partners

Covering 41 prefectures out of 47 prefectures in Japan



*1. "MUCG" stands for MU Credit Guarantee Co., LTD.

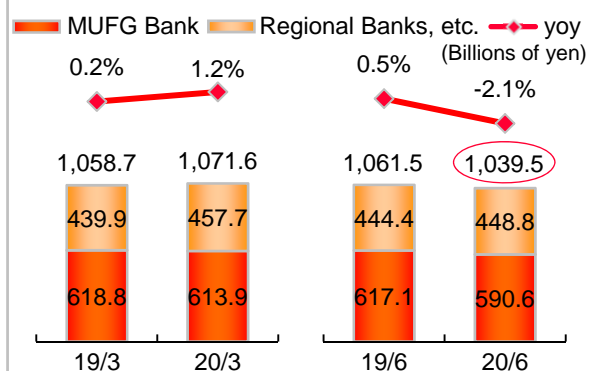
*2. ACOM and MUCG share three alliance partners.



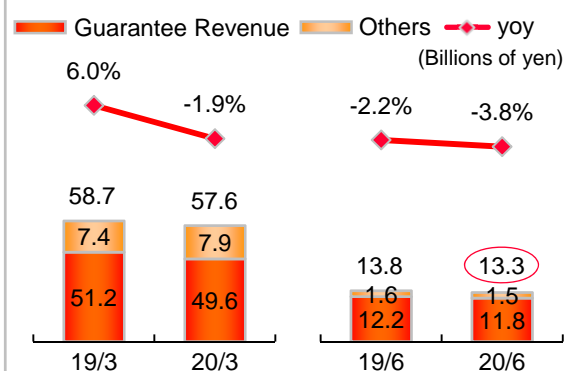
Guarantee Business (ACOM)

- **Guaranteed Receivables** : Decreased by 2.1% yoy to 1,039.5 billion yen.
- **Operating Revenue** : Decreased by 3.8% yoy to 13.3 billion yen.
- **Operating Profit** : Decreased by 3.5% yoy to 5.0 billion yen.

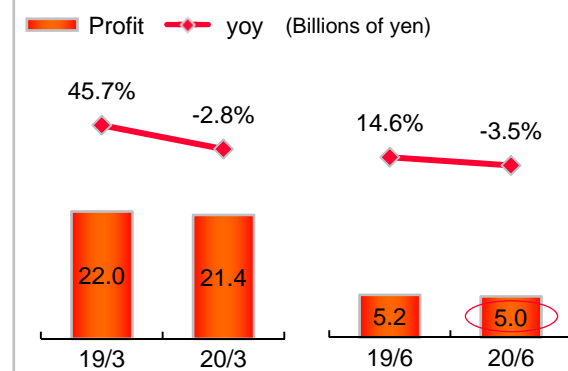
Guaranteed Receivables



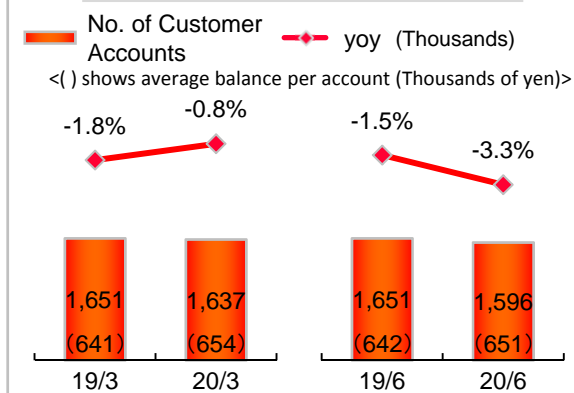
Operating Revenue



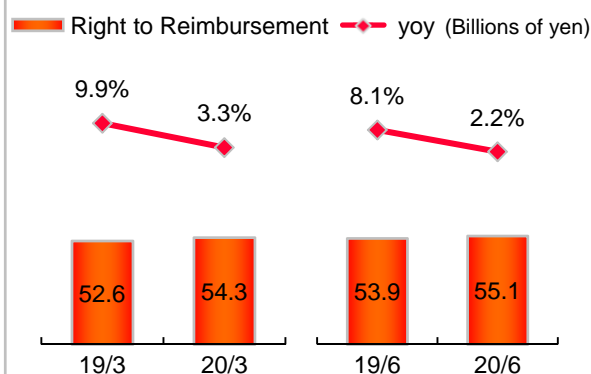
Operating Profit



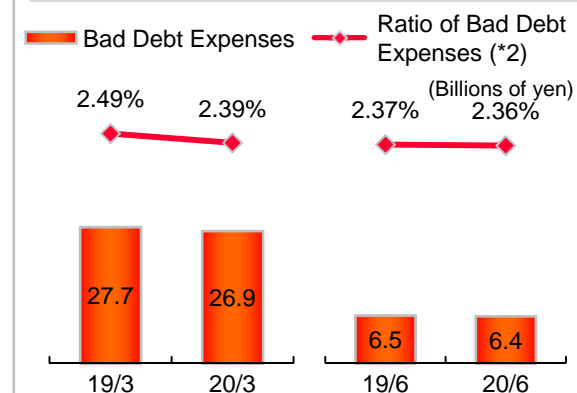
No. of Customer Accounts



Right to Reimbursement (*1)



Amount and Ratio of Bad Debt Expenses



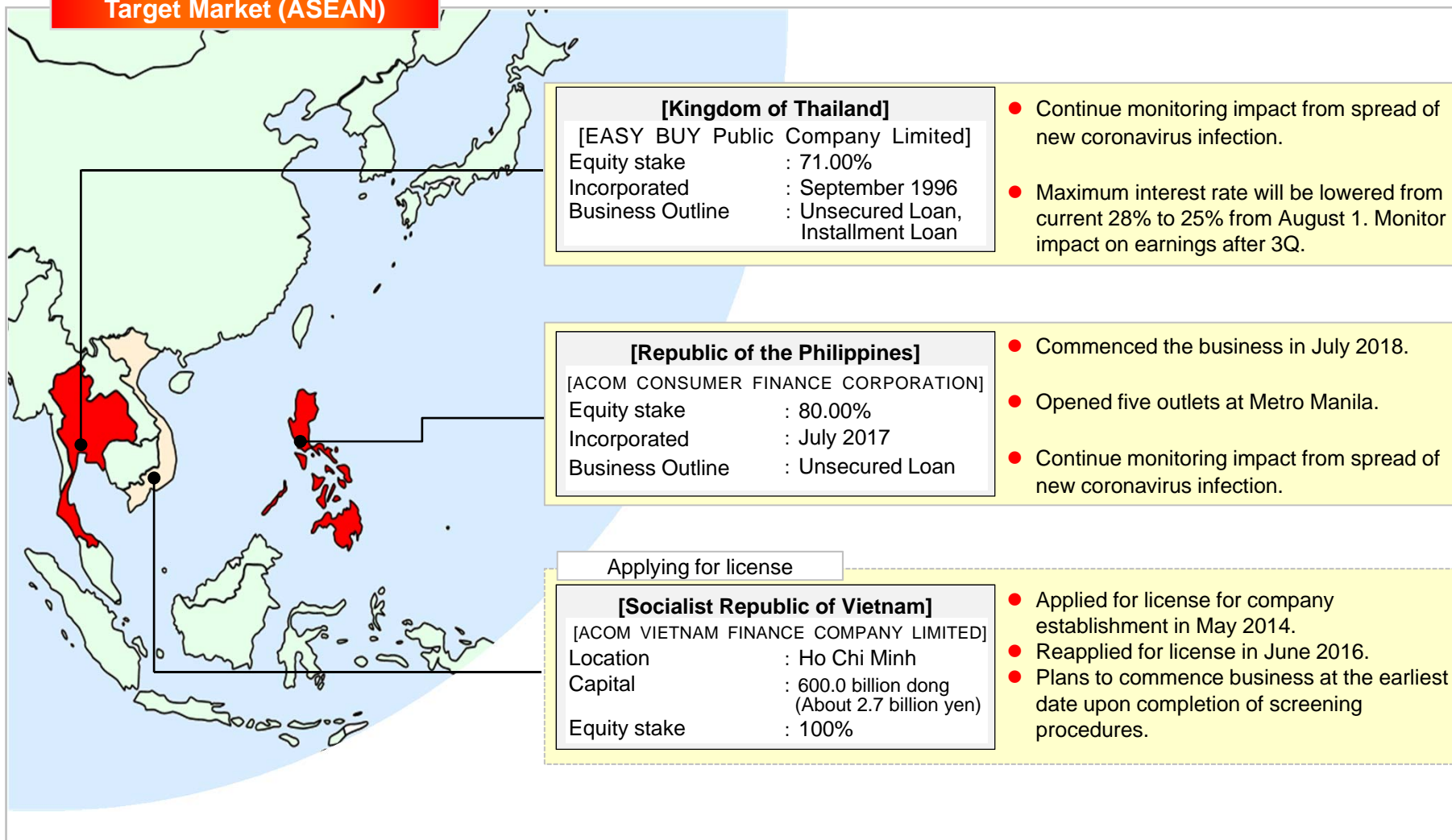
*1 Right to reimbursement is loans in which guarantee obligations have been performed by ACOM, but not yet written-off.

*2 The ratios of bad debt expenses for 19/6 and 20/6 are recalculated into annual basis.



Target Market in Overseas Financial Business

Target Market (ASEAN)



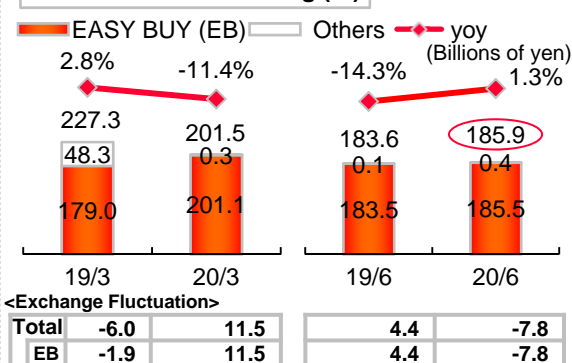


Overseas Financial Business

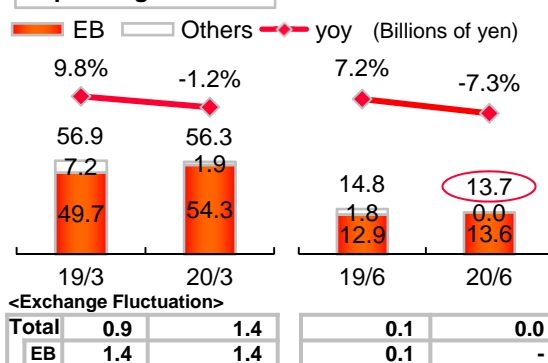
- **Receivables Outstanding (Consolidated)** : Increased by 1.3% yoy to 185.9 billion yen.
- **Operating Revenue (Consolidated)** : Decreased by 7.3% yoy to 13.7 billion yen due to deconsolidation of Bank BNP (*1).
- **Operating Profit (Consolidated)** : Decreased by 4.6% yoy to 5.1 billion yen due to increase in provision for bad debts.

Overseas Financial Business (Yen Basis) (*2)

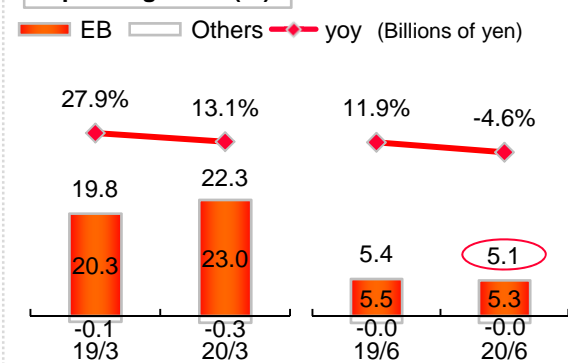
Receivables Outstanding (*3)



Operating Revenue

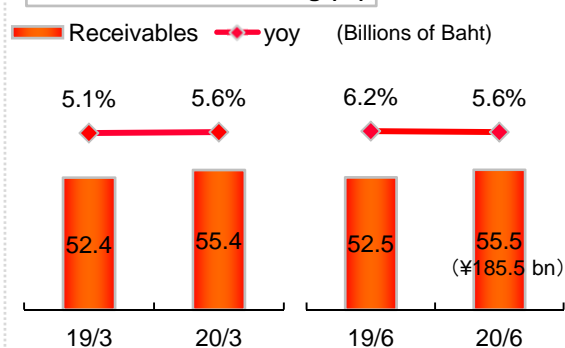


Operating Profit (*4)

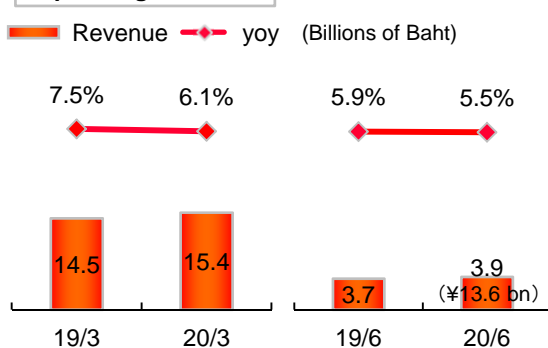


EASY BUY (Local Currencies Basis)

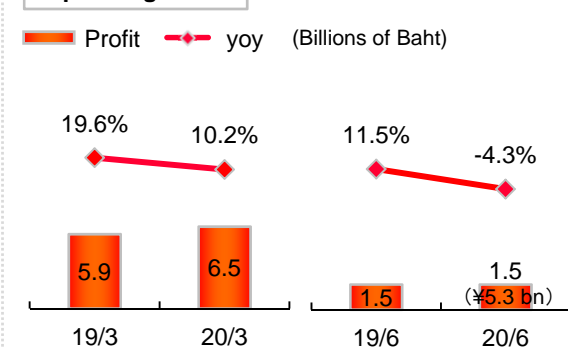
Receivables Outstanding (*5)



Operating Revenue



Operating Profit



*1. Bank BNP stands for PT Bank Nusantara Parahyangan, Tbk. which was operating banking business. (Conducted merger where PT Bank Danamon Indonesia, Tbk. was the surviving bank on 1 May, 2019.)

*2. Exchange rates : Baht B/S: ¥3.49 (19/6), ¥3.34 (20/6) P/L: ¥3.49 (19/6), ¥3.49 (20/6)

Exchange fluctuation as of current 1Q: Baht (B/S yoy -¥0.15 P/L yoy ±¥0.00)

*3. Receivables outstanding = accounts receivable + accounts receivable - installment + loans receivables of banking business

*4. Operating profit shows segment income. *5. Receivables outstanding = accounts receivable - operating loans + accounts receivable - installment



Trend of No. of Requests for Interest Repayment (ACOM)

- No. of requests : Decreased by 12.1% yoy to 5.8 thousands.
- Estimation : The number of requests for FY March 2021 is expected to decrease by 20% yoy.

• Monthly Number of Requests for Interest Repayment (*1) (*2)

(%)

	2016/3		2017/3		2018/3		2019/3		2020/3			2021/3		
	No. of Requests	yoy	No. of Requests	yoy	No. of Requests	yoy	No. of Requests	yoy	No. of Requests	yoy	Per business Day	No. of Requests	yoy	Per business day
Total	72,200	-9.3	60,700	-15.9	34,300	-43.5	27,100	-21.0	24,700	-8.9	102	5,800	-12.1	95
Apr.	6,500	0.0	5,500	-15.4	3,600	-34.5	2,400	-33.3	2,200	-8.3	110	1,600	-27.3	76
May	5,500	-11.3	5,600	1.8	3,400	-39.3	2,600	-23.5	2,100	-19.2	-12.0	1,700	-19.0	94
June	6,400	-3.0	5,800	-9.4	3,400	-41.4	2,500	-26.5	2,300	-8.0	115	2,500	8.7	113
July	6,100	-14.1	4,900	-19.7	2,800	-42.9	2,400	-14.3	2,300	-4.2	104			
Aug.	5,300	-10.2	4,700	-11.3	2,500	-46.8	2,300	-8.0	1,900	-17.4	-7.5	90		
Sept.	6,600	-15.4	4,800	-27.3	2,800	-41.7	2,000	-28.6	2,000	0.0	105			
Oct.	6,700	-10.7	4,600	-31.3	2,700	-41.3	2,400	-11.1	2,200	-8.3	104			
Nov.	6,000	0.0	4,900	-18.3	4,100	-16.3	2,200	-46.3	2,000	-9.1	-4.7	100		
Dec.	5,800	-7.9	5,200	-10.3	2,300	-55.8	1,800	-21.7	1,900	5.6	95			
Jan.	4,700	-4.1	4,500	-4.3	2,000	-55.6	2,000	0.0	1,800	-10.0	94			
Feb.	6,200	-10.1	5,200	-16.1	2,200	-57.7	2,200	0.0	1,800	-18.2	-10.8	100		
Mar.	6,400	-19.0	5,000	-21.9	2,500	-50.0	2,300	-8.0	2,200	-4.3	104			

*1. No. of requests which interest repayment occurs as a result of ACOM's recalculation based on the interest ceiling as specified in Interest Rate Restriction Act from claims which lawyers or judicial scriveners accept debt consolidation.

*2. Number of requests for interest repayment includes reaccepted requests.



Trend of Loss on Interest Repayment (ACOM)

- **Provision drawdown** : ¥6.8 billion was drawn down from ¥87.6 billion of provision. (¥6.1 billion for interest repayment + ¥0.7 billion for voluntary waiver of repayment)
- **Ending balance** : 80.7billion yen remains as there was no addition made to provision for loss on interest repayment in 1Q. Covers up to FY March 2024.
- **Estimation** : Estimate amount of drawdown to decrease by 10% to 15% yoy in FY March 2021.

● Provision for Loss on Interest Repayment

(Millions of yen, %)

	2016/3	2017/3	2018/3	2019/3	2020/3						2021/3	
					1Q	2Q	3Q	4Q	Total	yoy	1Q	yoy
Provision Drawdown	69,238	68,828	60,831	41,248	8,058	8,933	8,805	8,603	34,400	-16.6	6,854	-14.9
Interest Repayment	57,600	58,852	53,470	36,586	7,210	7,975	7,802	7,697	30,686	-16.1	6,113	-15.2
Bad Debt Expenses (ACOM's voluntary waiver of repayments)	11,637	9,975	7,360	4,661	847	958	1,002	905	3,713	-20.3	741	-12.5
Addition of Provision	56,638	143,728	-	39,479	-	-	-	19,700	19,700	-50.1	-	-
Increase or Decrease in Provision	-12,600	74,900	-60,831	-1,768	-8,058	-8,933	-8,805	11,097	-14,700	-	-6,854	-
Ending Balance of Provision	90,000	164,900	104,068	102,300	94,241	85,307	76,502	87,600	-14.4	80,745	-14.3	

<Reference> Image of Conventional Addition of Provision

< Estimated amount to be requested >

..... Initial Estimate — Actual Trend - - - New Estimate

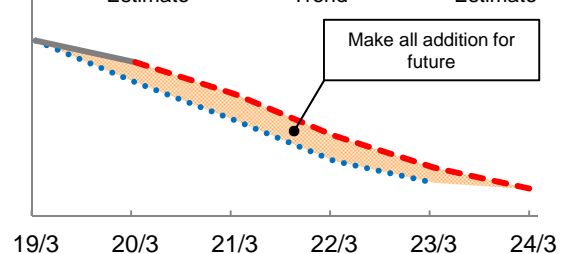
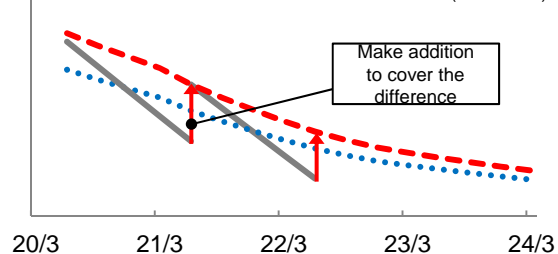


Image of Addition of Provision

< Ending balance of provision >

- - - Estimate Minimum — Actual Trend (estimation)



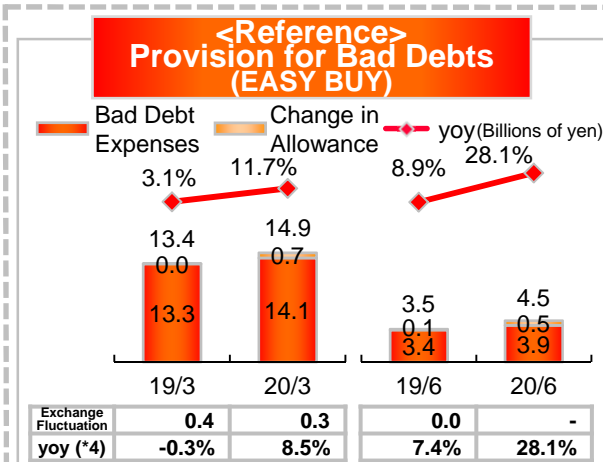
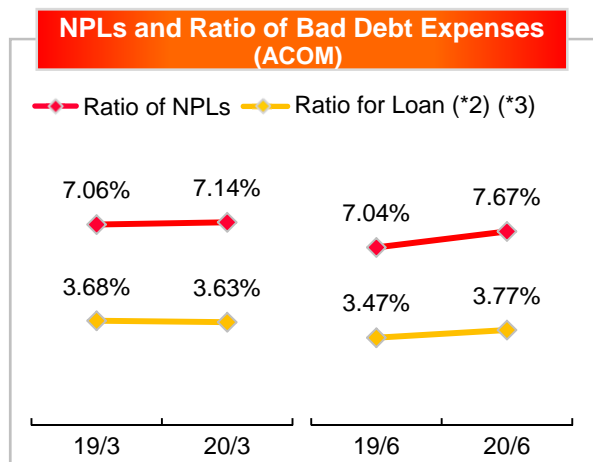
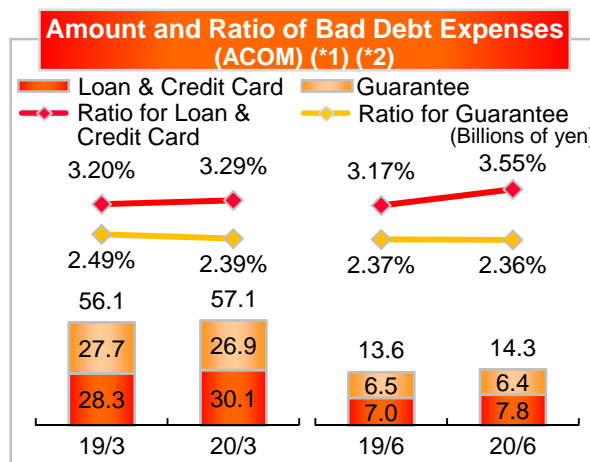
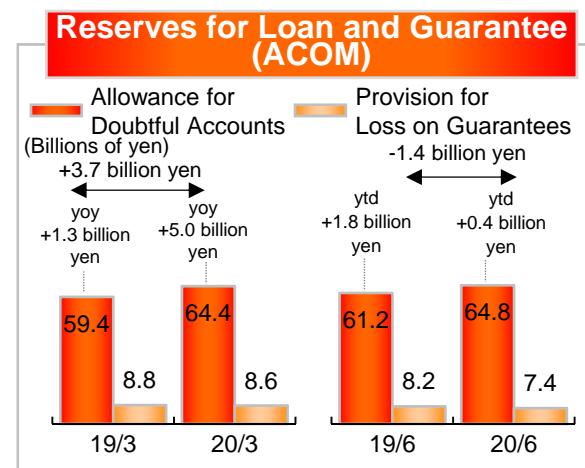
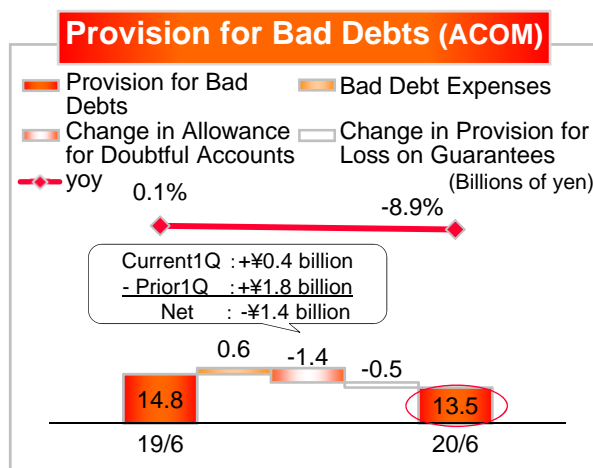
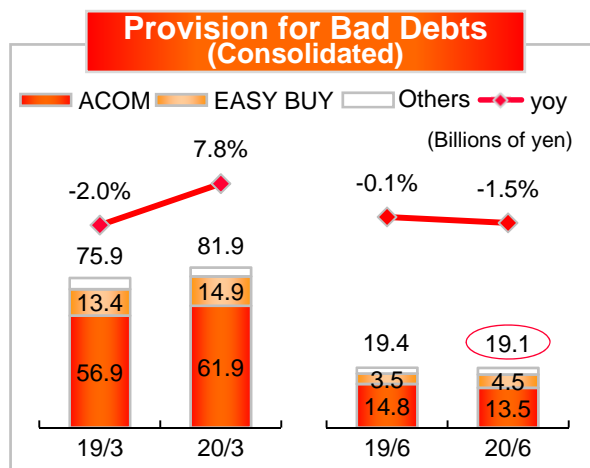
Key Points for Provision

- ① When quarterly ending balance of provision falls below the minimum value of estimate, addition will be made to cover the difference between these.
- ② Reassess the necessity of changing estimation method for the provision;
 - when the quarterly ending balance of provision falls significantly below the minimum value of initial estimate.
 - at formulation of medium-term management plan every 3 years.



Provision for Bad Debts

- **Provision for Bad Debts(Consolidated)** : Decreased by 1.5% yoy to 19.1 billion yen owing to decrease in ACOM.
- **Bad debt expenses (ACOM)** : Increased by 0.6 billion yen yoy to 14.3 billion yen.
- **Non-performing Loans (ACOM)** : Increased by 63 basis points to 7.67% due to control over commuting.

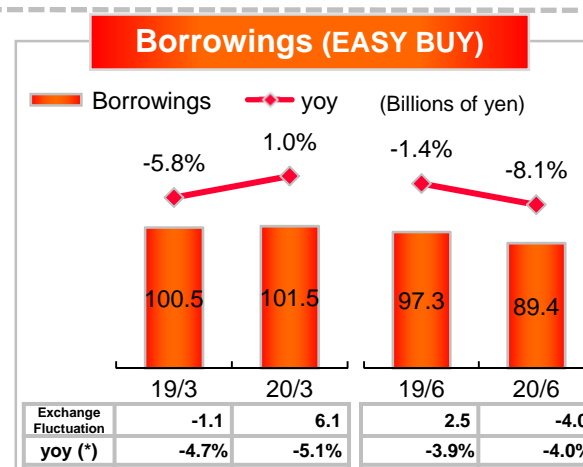
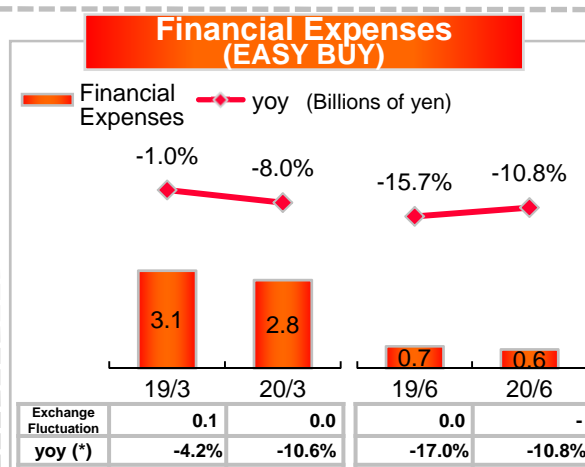
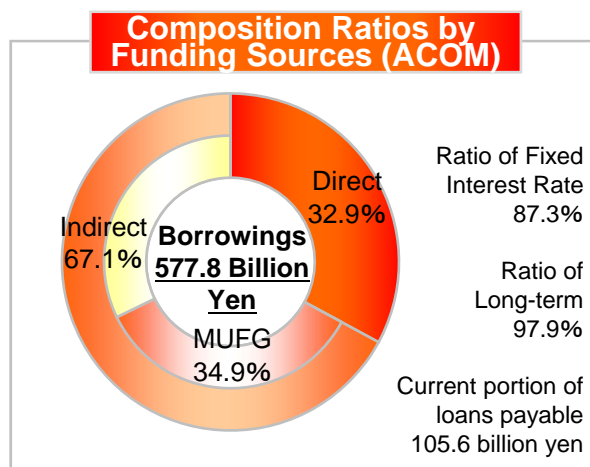
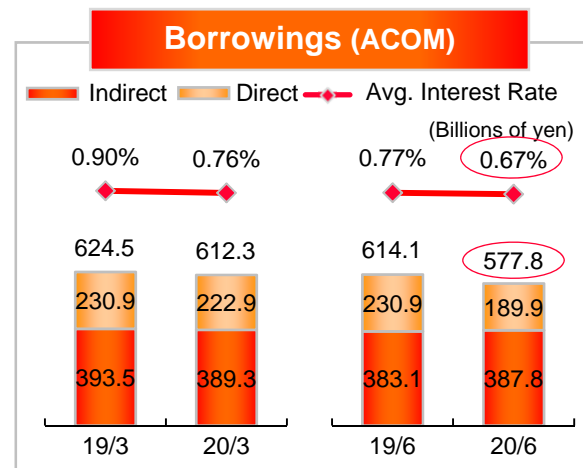
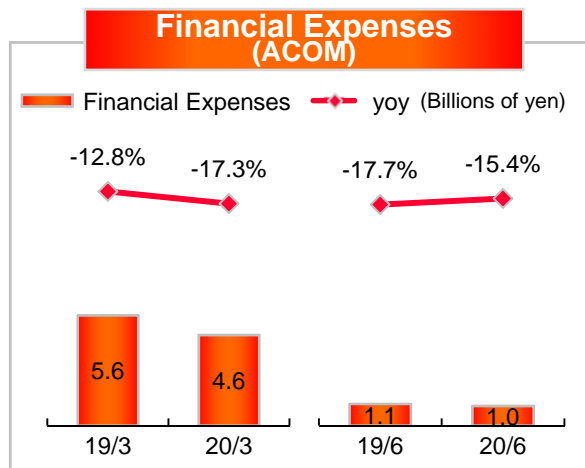
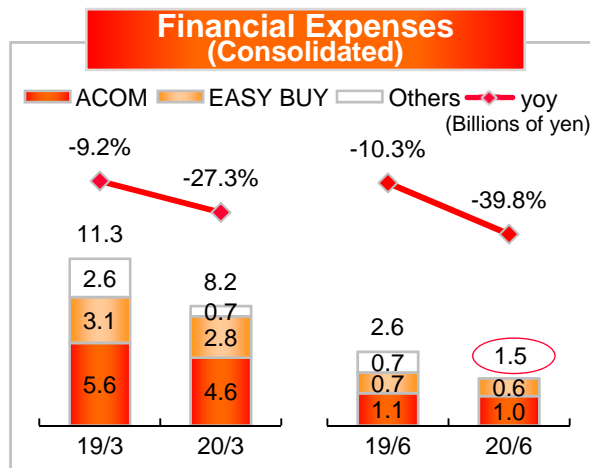


- *1. Amount and ratio of bad debt expenses exclude waiver of repayments accompanying requests for interest repayment.
 *2. The ratios of bad debt expenses for 19/6 and 20/6 are recalculated into annual basis.
 *3. Ratio of bad debt expenses includes waiver of repayments accompanying requests for interest repayment.
 *4. "yoy" shows local currencies basis.



Financial Expenses

- **Financial Expenses (Consolidated)** : Decreased by 39.8% yoy to 1.5 billion yen.
- **Borrowings (ACOM)** : Decreased by 36.3 billion yen yoy to 577.8 billion yen.
- **Average Interest Rate (ACOM)** : Decreased by 10 basis points to 0.67% owing to further replacements of borrowings in low interest rate environment.



* "yoy" shows local currencies basis.

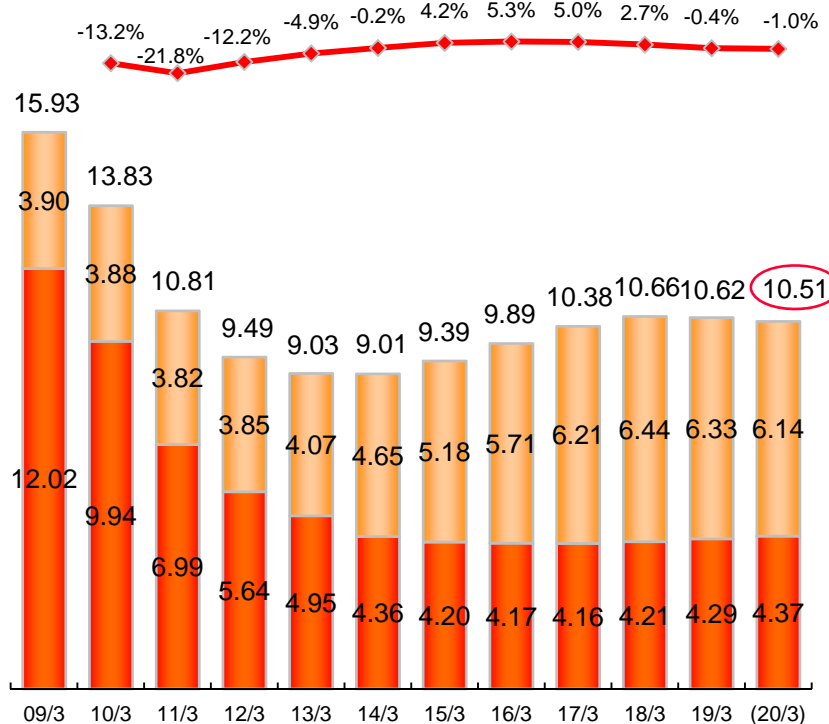
Reference Information



[Reference] Trend of Market Volume of Domestic Personal Card Loans

Domestic Personal Card Loan Market

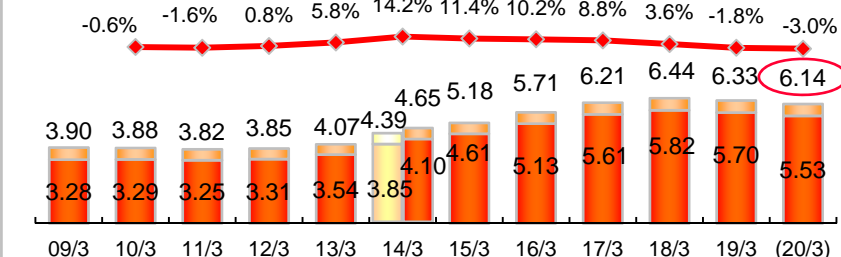
Nonbank Category Bank Category yoy (Trillions of yen)



ACOM's Share	10.3%	12.4%	13.5%	14.4%	15.6%	16.2%	16.7%	17.2%	17.4%	17.7%	18.2%
Consolidated	16.4%	17.1%	17.7%	18.4%	18.8%	19.1%	19.7%				

Bank Category (*1)

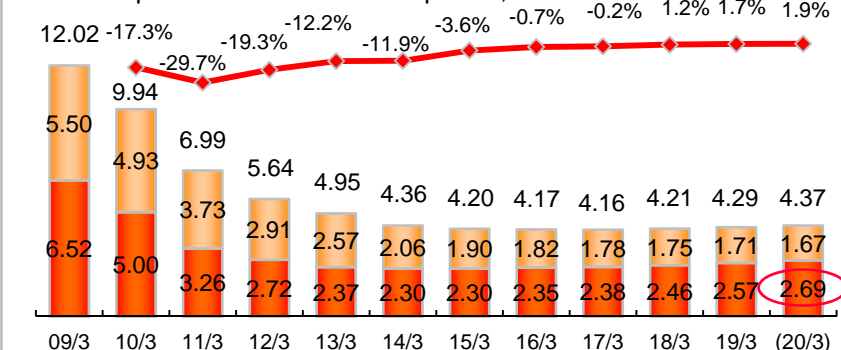
Domestic Banks Credit Unions yoy (Trillions of yen)



ACOM's Share	8.2%	11.6%	12.5%	14.4%	14.6%	15.0%	15.5%	16.2%	16.4%	16.7%	17.4%
Consolidated	16.2%	16.6%	17.3%	18.2%	18.6%	19.1%	20.1%				

Nonbank Category (*2)

Consumer Finance Companies Credit Card Companies, etc. yoy (Trillions of yen)



ACOM's Share	11.1%	12.9%	14.2%	14.5%	16.6%	17.8%	18.4%	18.8%	19.0%	19.1%	19.2%
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*1. Bank category refers to the volume of personal card loans provided by domestic banks and credit unions in statistics by The Bank of Japan.

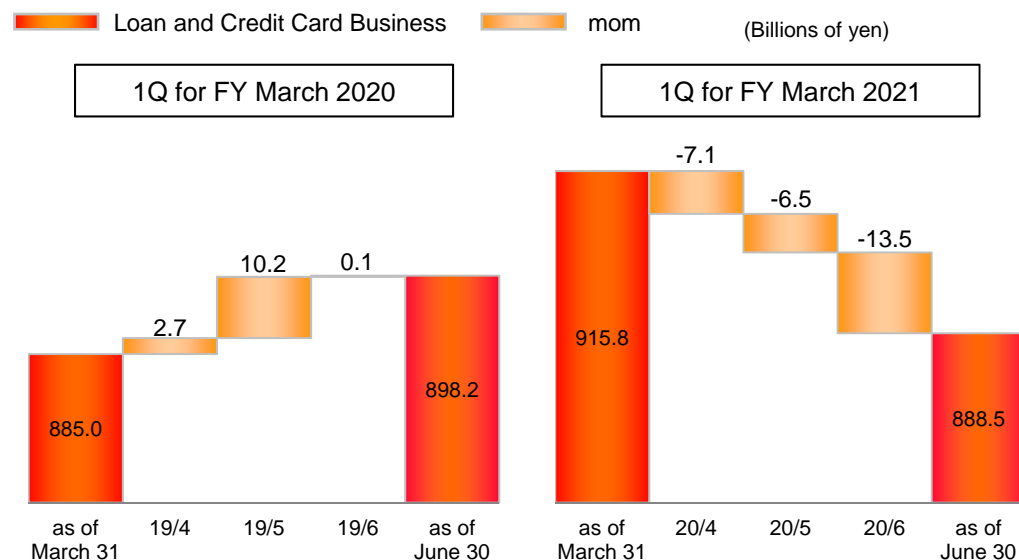
(Correction on statistics by The Bank of Japan, announced on August 10, 2015, led to increase of 260 billion yen for receivables of bank category in FY March 2014.)

*2. Nonbank category is receivables outstanding (include loan on deeds) in statistics by Japan Financial Services Association (JFSA). JFSA's figure for 2020/3 is preliminary.

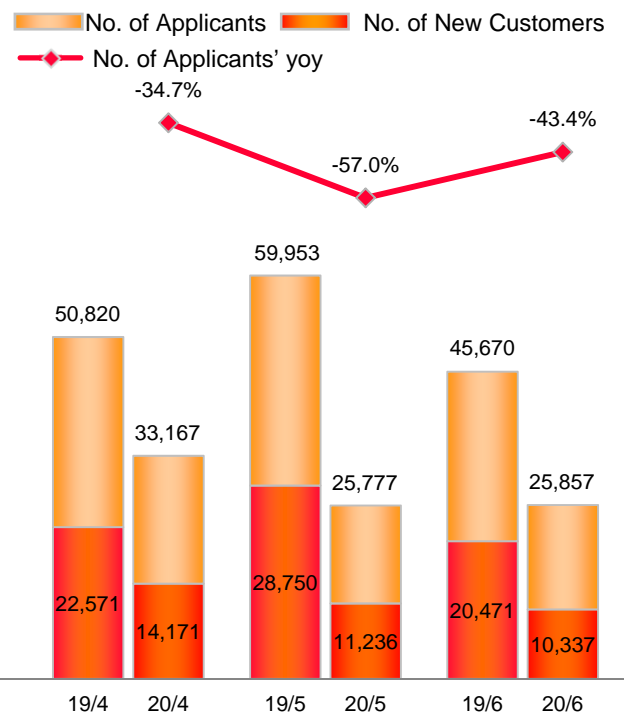


[Reference] Impact from Spread of New Coronavirus Infection (Domestic)

Loan and Credit Card Business Receivables Outstanding



Loan Business No. of Applicants and New Customers



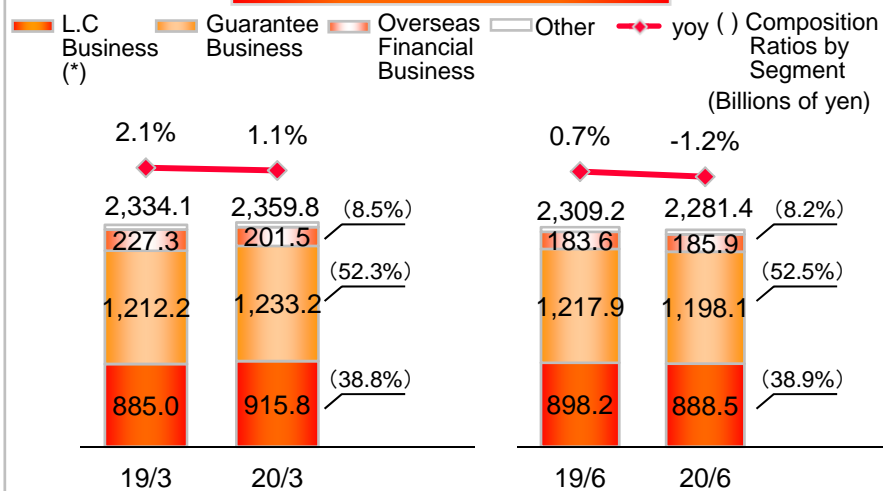
Guarantee Business

- Receivables and No. of Customer Accounts decreased like those of loan business did due to the decline in the demand for funds.
- ACOM continued guarantee operations and guarantee screening while maintaining service levels requested from banks in alliance.

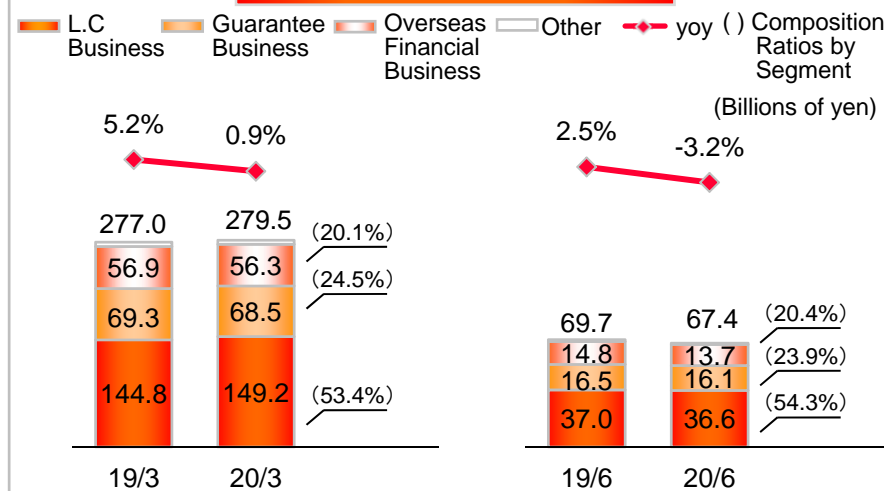


[Reference] Composition Ratios by Reported Segment

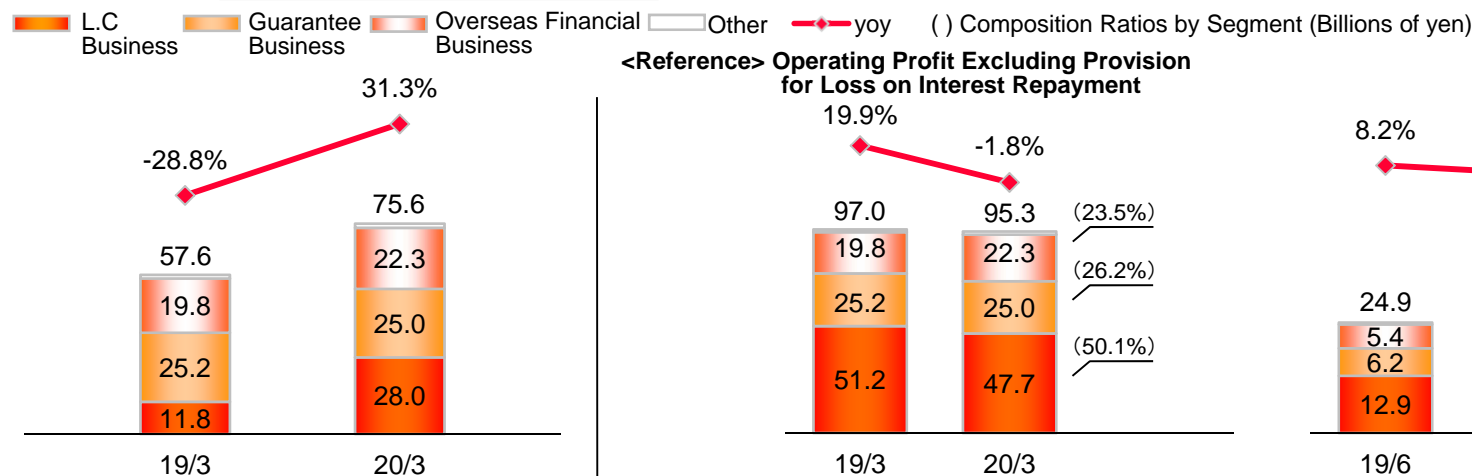
Receivables Outstanding



Operating Revenue



Operating Profit



* "L. C Business" stands for loan and credit card business.



[Reference] Dividend Status

Basic Policy on Dividend Payment

- Aim for enhanced return to shareholders through stable and continuous profit distribution, taking the business environment surrounding the company, shareholders' equity and our own business performance into consideration.

Progress of FY March 2020

- Business Performance
 - Operating revenue and profit for FY March 2020 made smooth progress due to scale expansions in 3 core businesses.
- Business Environment
 - Made addition to provision for loss on interest repayment as number of requests exceeded estimate, taking market environment and trend of interest repayment into consideration.
 - Outlook is unclear as the spread of new coronavirus infections are likely to slow economic activity and prolong the deterioration of the global economy.
- Consolidated Shareholders' Equity Ratio
 - The value computed using the sum of consolidated total assets and guaranteed receivables was 16.5%, below target 20%.

Dividend Payments and Forecast

- We paid 2 yen in FY March 2019. We paid 4 yen in FY March 2020. Dividend forecast for FY March 2021 is undecided as it is difficult to make a reasonable projection of financial performance at this point.

	2019/3 (Results)		2020/3 (Results)		2021/3 (Forecasts)	
	Interim	Year-end	Interim	Year-end	Interim	Year-end
Dividend per Share	¥1	¥1	¥2	¥2	Undecided	Undecided
	¥2 total		¥4 total		Undecided	

<Reference>

Shareholders' Equity Ratio (*)	Consolidated	14.4%	14.2%	16.2%	16.5%	—	—
	ACOM	15.0%	14.6%	16.5%	16.6%	—	—

* These values are computed using the sum of total assets and guaranteed receivables.



[Reference] Medium-term Management Policy and Key Themes

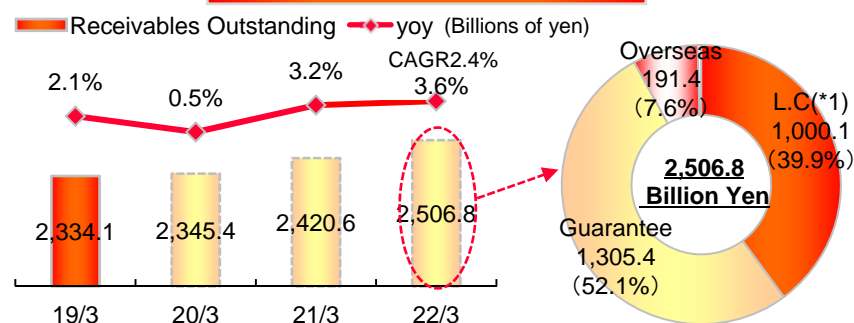
Foundation Spirit	Circle of Trust	
Origins of Company Name	<u>A</u> ffection <u>C</u> onfidence <u>M</u> oderation	
Corporate Philosophy	ACOM, based on the spirit of human dignity and in putting customers first, is contributing to the realization of an enjoyable and affluent personal life, and to improving lifestyle, through creative and innovative management.	
Management Vision	Be the “leading company” in personal loan market which provides prime satisfactions to utmost number of customers and win their trust in return	
Key Business Domains	Domestic	Loan & credit card business and guarantee business
	Overseas	Loan business in ASEAN
Medium-term Management Policy	With expeditious reactions to environmental changes, ACOM will strive for sustainable growth and increasing corporate value, while creating services which exceed customers' expectations.	
Medium-term Key Themes		Business Strategy
① Foster compliance culture ② Establish human resources basis through recruitment, education and retention ③ Enhance customer acquisition through sophistication of screening and promotion ④ Provide supreme customer experience by enhancing customer-reception quality and promoting digitalization ⑤ Continuous scale expansion in loan and credit card business ⑥ Further enhancing alliances in guarantee business ⑦ Expanding basis of overseas financial business ⑧ Achieve optimum credit preservation ⑨ Establish IT structure capable of responding to environmental changes ⑩ Establish organization with high quality and productivity through operational reforms	Loan and credit card business	➤ Provide product/services accommodating to changes in customer needs ➤ Credit and promotion strategies for stable customer acquisition
	Guarantee business	➤ Enhance alliances with existing partners ➤ Enhance profitability ➤ Increase new guarantee alliance partners
	Overseas financial business	➤ Research activities in ASEAN and surrounding region ➤ Enhance management structure of existing subsidiaries
	Functional Strategy	
	Digital / IT	➤ “Lending and payment” services in cashless environment ➤ Creating supreme customer experience via hyper-instant screening ➤ Promote renovation of core system
	Operational reforms	➤ Maintenance of operational reform promoting structure ➤ Company-wide implementation of RPA



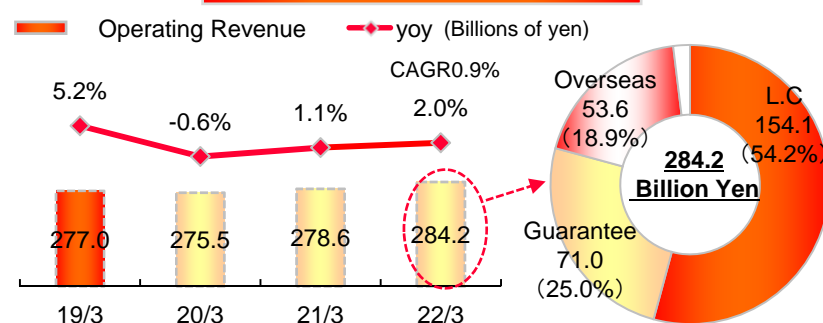
[Reference] Medium-term Management Plan (2020/3-2022/3) Business Scale and Performance

- Strive for receivables of ¥2.5 trillion through digital investments to 3 core businesses and consecutive growth in both revenue and profit
 - FY 2020/3: Receivables would remain almost flat due to BNP impact. Revenue would decrease due to BNP and decline in guarantee fee rate
 - FY 2021/3: Business scale would grow smoothly while revenue and profit would increase owing to scale expansion
 - FY 2022/3: Business scale would continue smooth expansion while growth rate of revenue would rise from further business expansion

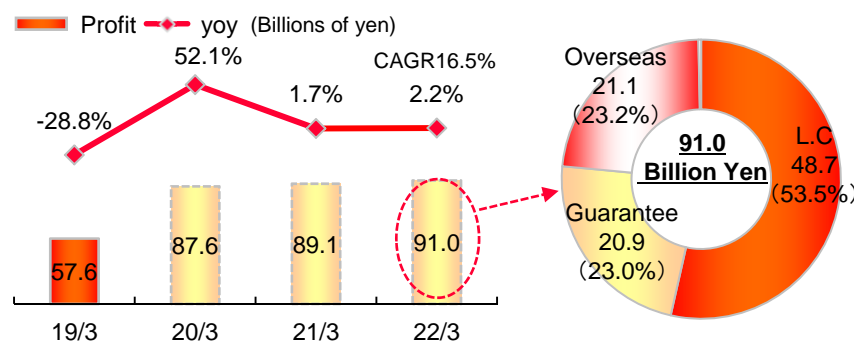
Receivables Outstanding



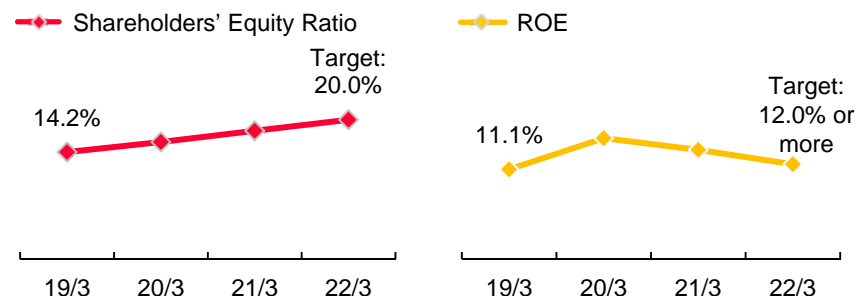
Operating Revenue



Operating Profit



Shareholders' Equity Ratio (*2)・ROE



*1 "L.C" stands for loan and credit card business.

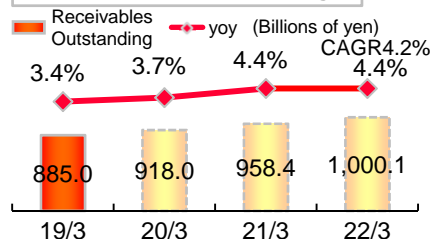
*2 These values are computed using the sum of total assets and guaranteed receivables.



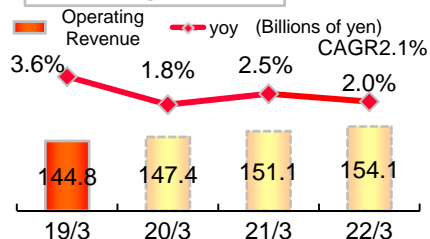
[Reference] Medium-term Management Plan (2020/3-2022/3) Business Scale and Performance by Business Segment

Loan and Credit Card Business

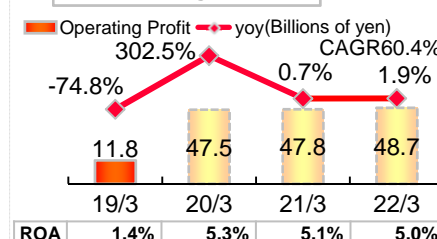
Receivables Outstanding



Operating Revenue



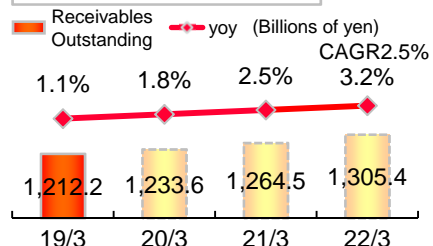
Operating Profit



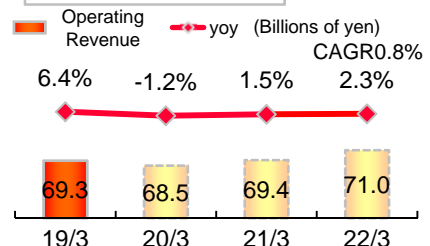
- Aim for receivables to exceed ¥1 trillion
- Targets: ¥154.1 billion of revenue and ¥48.7 billion of profit

Guarantee Business

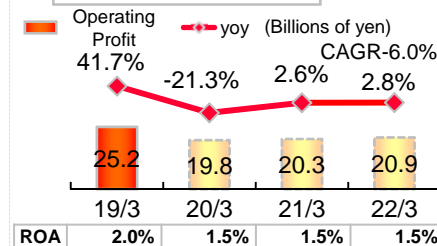
Guaranteed Receivables



Operating Revenue



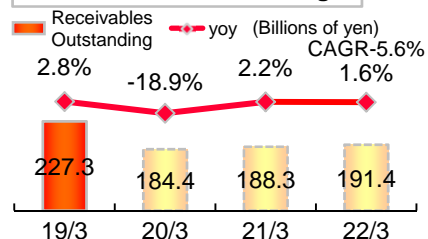
Operating Profit



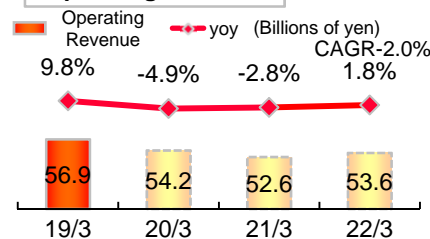
- Aim for receivables of ¥1.3 trillion.
- Targets: ¥71.0 billion of revenue and ¥20.9 billion of profit
- Revenue for FY 2020/3 would decrease due to decline in guarantee fee rate

Overseas Financial Business (*)

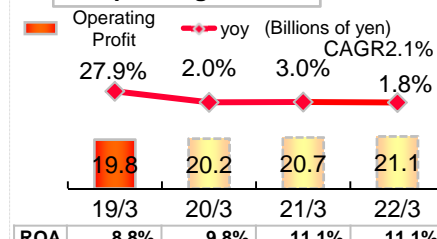
Receivables Outstanding



Operating Revenue



Operating Profit



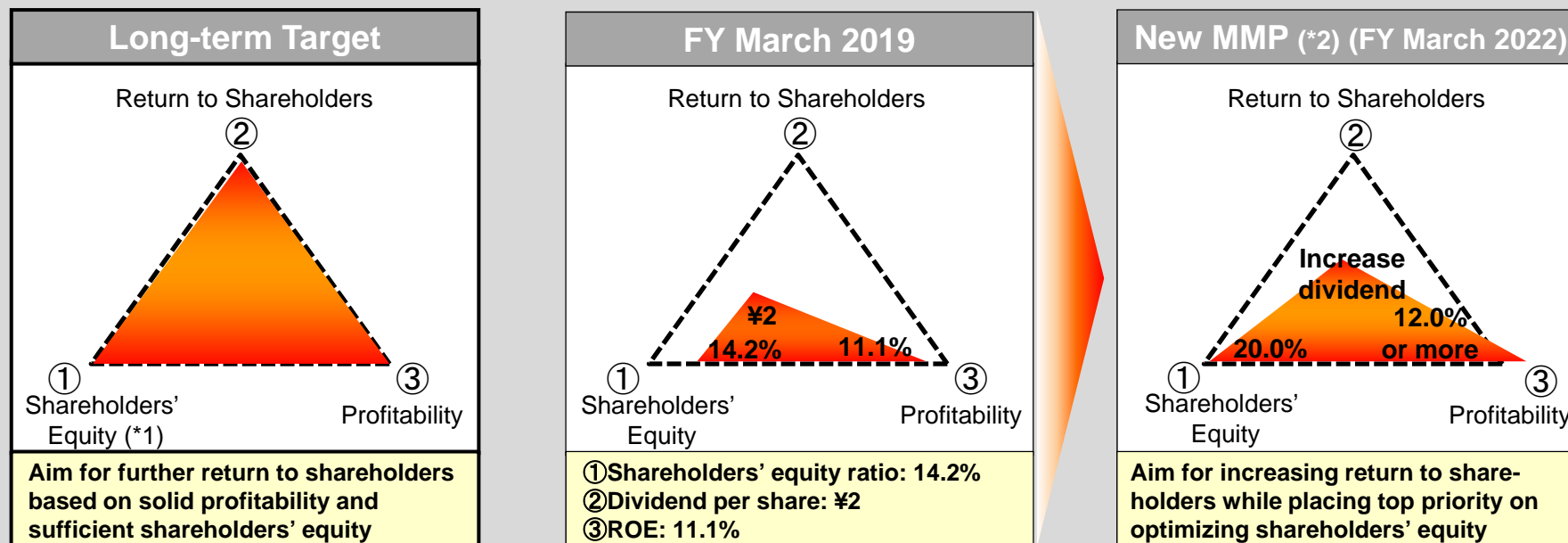
- Aim for receivables of ¥191.4 billion.
- Targets: ¥53.6 billion of revenue and ¥21.1 billion of profit
- BNP exclusion would cause receivables and revenue to decrease in FY 2020/3

* BNP was excluded from the scope of consolidation in April 2019. Therefore, its receivables is excluded from the forecast. However, its 4 months performance is included in P/L.



[Reference] Capital Policy

Basic Capital Policy



Basic Policy on Dividend Payment

- Aim for enhanced return to shareholders through stable and continuous profit distribution, taking the business environment surrounding the company, shareholders' equity and our own business performance into consideration.

	FY March 2019 (Results)		FY March 2020 (Results)		FY March 2021 FY March 2022
	Interim	Year-end	Interim	Year-end	
Dividend per Share	¥1	¥1	¥2	¥2	Aim for increasing dividend
	¥2 total		¥4 total		

*1. These values are computed using the sum of total assets and guaranteed receivables.

*2. "New MMP" stands for new medium-term management plan.



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E-mail: ir@acom.co.jp

Disclaimer

The figures contained in this presentation material with respect to 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 belief in light of the information currently available to it and involve risks and uncertainties.

Therefore, actual results may differ from those in the forward-looking statements due to 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 Law, the level of interest rates paid on the ACOM's debt and legal limits on interest rates charged by ACOM.