

Brief Statement of the Third Quarter Financial Results for the Fiscal Year Ending March 2022
[Japanese GAAP (Consolidated)]

January 31, 2022

Forward-looking Statement

The statements and figures contained in this Brief Statement of the Third Quarter Financial Results for the fiscal year ending March 2022 (the "Brief Statement") with respect to ACOM Group's plans and strategies and other statements that are not historical facts are 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. In particular, the plans formulated by the Company rest on the assumption that the stagnant economic activities on the impact of the spread of COVID-19 will gradually recover. Therefore, the actual results may differ significantly based the converges of COVID-19 infection.

The trend of requests for interest repayment is also highly uncertain, due to its sensitivity to changes in 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, not limited to those mentioned above.

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:	President & Chief Executive Officer
Name:	Masataka 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, 2022
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, 2021, to December 31, 2021)

(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 2022	196,922	-2.0	59,963	-26.8	60,519	-27.0	46,584	-29.6
3Q for FY March 2021	201,021	-3.8	81,878	8.6	82,889	10.9	66,188	2.3

[Note] Comprehensive income

3Q for FY March 2022: 45,227 million yen [-28.2%]

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

	Basic Earnings per Share (Third Quarter)	Diluted Earnings per Share (Third Quarter)
	(Yen)	(Yen)
3Q for FY March 2022	29.74	—
3Q for FY March 2021	42.25	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
3Q for FY March 2022	1,181,740	549,517	44.0
FY March 2021 (Annual)	1,219,109	515,128	39.8

<Reference> Shareholders' Equity:

3Q for FY March 2022: 519,886 million yen FY March 2021: 485,684 million yen

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
FY March 2021	—	3.00	—	3.00	6.00
FY March 2022	—	3.00	—		
FY March 2022 (Forecast)				3.00	6.00

<Note> Amendment to dividend forecast: None

3. Forecasts for the Fiscal Year Ending March 2022 (from April 1, 2021, to March 31, 2022)

(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	260,700	-2.1	79,900	-19.2	80,100	-19.9	61,000	-22.7	38.94

<Note> Amendment to business results forecast: None

(Note)

(1) Change in Important Subsidiaries in the Nine Months ended December 31, 2021: 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 shares)

Third Quarter of FY March 2022:	1,566,614,098 shares	FY March 2021:	1,596,282,800 shares
---------------------------------	----------------------	----------------	----------------------

B) Number of treasury shares at the end of period

Third Quarter of FY March 2022:	-	FY March 2021:	29,668,702 shares
---------------------------------	---	----------------	-------------------

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

Third Quarter of FY March 2022:	1,566,614,098 shares	Third Quarter of FY March 2021:	1,566,614,120 shares
---------------------------------	----------------------	---------------------------------	----------------------

(Note) Brief Statement of Quarterly financial results is not subject to quarterly review procedures.

(Note) Explanation regarding proper use of the business forecast and other notes

(Notes to Forward-looking Statement)

The statements about the future performance of ACOM are based on management's assumptions and beliefs in light of the information currently available to it. 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 Third quarter financial results conference (video conferencing for domestic institutional investors and financial analysts) on January 31, 2022. The materials used at the conference will be available at ACOM's website promptly after disclosure of financial results.

Contents

1. Quarterly Qualitative Information on Business Results:	P2
(1) Qualitative Information on Business Results:	P2
(2) Qualitative Information on Financial Position:	P2
(3) Qualitative Information on the Forecasts for the Consolidated Business Results:	P3
2. Quarterly Consolidated Financial Statements and Major Notes:	P4
(1) Quarterly Consolidated Balance Sheet:	P4
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income:	P6
(3) Notes on Quarterly Consolidated Financial Statements:	P9
(Notes on Going-concern Assumption):	P9
(Notes in Case of any Significant Changes in the Amount of Shareholders' Equity):	P9
(Additional Information):	P9
3. [Reference] Quarterly Non-consolidated Financial Statements:	P10
(1) [Reference] Quarterly Non-consolidated Balance Sheet:	P10
(2) [Reference] Quarterly Non-consolidated Statement of Income:	P11

1. Quarterly Qualitative Information on Business Results

(1) Qualitative Information on Business Results

During the nine months ended December 31, 2021, the Japanese economy remained under preventive measures against the spread of COVID-19 infection in order to sustain social and economic activities. However, from the end of September 2021, as harsh conditions gradually eased due in part to the lifting of state of emergency, economic conditions showed signs of recovery. The number of cases of infection is rising rapidly again from this January due to the emergence of variants and other factors, so there is a need to monitor future changes in the environment more closely. Meanwhile, overseas economy remained harshly restrained due to the impact of limitations in activities such as urban lockdown, though situations differ from country to country.

In the nonbank business sector, while the market is contracting as a result of a rapid decrease in consumer spending due to the impact of the spread of COVID-19 infection, consumer sentiment showed signs of recovery during the third quarter, buoyed in part by the effects of the various economic policies. Although requests for interest repayment are trending downward, 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.

The Company Group upholds that it will “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” as its management vision, and that “with expeditious reactions to environmental changes, ACOM will strive for sustainable growth and increasing corporate value, while creating services which exceed customers’ expectations” as its medium-term management policy. The Company Group is promoting its operating activities in accordance with its management vision and medium-term management policy. In addition, even amid the spread of COVID-19 infection, the Company Group has continued its operating activities while paying due attention to the safety of customers and employees, and provided flexible and courteous support for repayment, etc.

Consolidated operating revenue for the nine months ended December 31, 2021, decreased to 196,922 million yen (down 2.0% year-on-year). This is attributable to: the decreases in accounts receivable - operating loans and guaranteed receivables due to the spread of COVID-19 infection which led to decreases in interest on operating loans and revenue from credit guarantee. Operating expenses, on the other hand, increased to 136,959 million yen (up 15.0% year-on-year), due to an increase in allowance for doubtful accounts and additions made to provision for loss on interest repayment, in addition to an increase in advertising expenses. The increase in advertising expenses was due to the restoration of advertising related to attracting new customers, which was suppressed by the COVID-19 infection during the nine months ended December 31, 2020, to the level before the COVID-19 infection. The increase in the allowance for doubtful accounts was due to the decrease in the allowance for doubtful accounts with the decrease in operating loans, etc. during the nine months ended December 31, 2020. The provision for loss on interest repayment was recorded up to the required amount as the number of interest repayment claims has exceeded the estimate. As a result, operating profit decreased to 59,963 million yen (down 26.8% year-on-year) and ordinary profit decreased to 60,519 million yen (down 27.0% year-on-year). Profit attributable to owners of parent decreased to 46,584 million yen (down 29.6% year-on-year).

(2) Qualitative Information on Financial Position

Compared with the end of the prior fiscal year, total assets decreased by 37,369 million yen, whereas net assets increased by 34,389 million yen as of December 31, 2021. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets decreased by 33,716 million yen and non-current assets decreased by 3,653 million yen. Consequently, total assets decreased by 37,369 million yen. The breakdown of major decreases in current assets is as follows: cash and deposits (down 24,299 million yen) and accounts receivable - operating loans (down 13,822 million yen). The breakdown of major decreases in non-current assets is as follows: deferred tax assets (down 2,601 million yen) and a decrease in land due to impairment and sale of residence owned by the Company (down 1,124 million yen). The combined total of allowance for doubtful accounts recorded under current assets and non-current assets increased by 3,889 million yen.

(Liabilities)

With regard to the liabilities account, changes in current and non-current liabilities were an increase of 10,839 million yen and a decrease of 82,597 million yen, respectively, resulting in a decrease of 71,758 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 49,908 million yen) and provision for loss on interest repayment (down 14,941 million yen).

(Net assets)

In terms of net assets, shareholders’ equity increased by 37,184 million yen mainly due to recording profit attributable to owners of parent under retained earnings, accumulated other comprehensive income decreased by

2,982 million yen due in part to a decrease in foreign currency translation adjustment, and non-controlling interests increased by 186 million yen. As a result, total net assets increased by 34,389 million yen, and the shareholders' equity ratio increased by 4.2 percentage points to 44.0%.

Capital surplus and retained earnings decreased due to the cancellation of treasury shares conducted as of June 3, 2021. Details are described in "(3) Notes on Quarterly Consolidated Financial Statements" of "2. Quarterly Consolidated Financial Statements and Major Notes".

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

As the Company has announced on May 13, 2021, it expects consolidated business results as follows: 260.7 billion yen of operating revenue; 80.1 billion yen of ordinary profit; and 61.0 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. In particular, the plans formulated by the Company rest on the assumption that the stagnant economic activities on the impact of the spread of COVID-19 will gradually recover. Therefore, the actual results may differ significantly depending on the convergence of new COVID-19 infection and the effects of mutant strain epidemic.

The trend of requests for interest repayment is also highly uncertain, due to its sensitivity to changes in 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, 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, 2021)	Current third quarter (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	83,323	59,024
Accounts receivable - operating loans	977,152	963,330
Accounts receivable - installment	79,423	86,016
Purchased receivables	8,477	7,669
Raw materials and supplies	63	57
Other	82,334	84,937
Allowance for doubtful accounts	-77,428	-81,404
Total current assets	1,153,346	1,119,630
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,386	3,516
Equipment, net	7,640	7,398
Land	2,476	1,351
Other, net	496	273
Total property, plant and equipment	13,998	12,540
Intangible assets		
Goodwill	1,770	1,381
Software	4,984	5,723
Other	48	43
Total intangible assets	6,803	7,149
Investments and other assets		
Investment securities	1,207	1,235
Retirement benefit asset	5,618	6,074
Deferred tax assets	29,677	27,075
Guarantee deposits	4,990	4,754
Other	4,367	4,094
Allowance for doubtful accounts	-900	-813
Total investments and other assets	44,960	42,420
Total non-current assets	65,763	62,109
Total assets	1,219,109	1,181,740

(Millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current third quarter (As of December 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	696	905
Short-term borrowings	15,992	12,605
Commercial papers	5,000	4,000
Current portion of long-term borrowings	69,416	88,385
Current portion of bonds payable	53,760	56,500
Income taxes payable	7,258	1,809
Provision for loss on guarantees	8,876	9,024
Asset retirement obligations	408	266
Deferred installment income	28	18
Other	13,833	12,594
Total current liabilities	175,271	186,110
Non-current liabilities		
Bonds payable	155,800	138,150
Long-term borrowings	309,431	259,851
Provision for loss on interest repayment	56,741	41,800
Retirement benefit liability	721	745
Asset retirement obligations	5,420	5,217
Other	596	349
Total non-current liabilities	528,710	446,113
Total liabilities	703,981	632,223
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	73,549	69,861
Retained earnings	362,991	384,069
Treasury shares	-19,794	-
Total shareholders' equity	480,578	517,763
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	4,444	1,446
Remeasurements of defined benefit plans	661	676
Total accumulated other comprehensive income	5,105	2,123
Non-controlling interests	29,443	29,630
Total net assets	515,128	549,517
Total liabilities and net assets	1,219,109	1,181,740

(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, 2020 (From April 1, 2020 to December 31, 2020)	For the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Operating revenue		
Interest on operating loans	127,381	123,061
Credit card revenue	7,462	8,062
Per-item revenue	44	49
Revenue from credit guarantee	42,189	40,131
Collection from purchased receivables	2,957	3,385
Other financial revenue	7	35
Other operating revenue	20,978	22,195
Total operating revenue	201,021	196,922
Operating expenses		
Financial expenses	4,539	4,050
Cost of purchased receivables	1,123	1,253
Other operating expenses	113,480	131,654
Total operating expenses	119,143	136,959
Operating profit	81,878	59,963
Non-operating income		
Interest income	1	1
Dividend income	25	13
Share of profit of entities accounted for using equity method	32	27
Rental income from buildings	139	134
Subsidy income	760	363
Other	102	37
Total non-operating income	1,061	578
Non-operating expenses		
Interest expenses	12	6
Foreign exchange losses	22	11
Other	15	4
Total non-operating expenses	50	22
Ordinary profit	82,889	60,519

(Millions of yen)

	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	For the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Extraordinary income		
Gain on sale of non-current assets	0	25
Gain on sale of investment securities	23	-
Total extraordinary income	23	25
Extraordinary losses		
Loss on sale of non-current assets	0	53
Loss on retirement of non-current assets	99	98
Impairment loss	270	1,100
Other	0	1
Total extraordinary losses	369	1,253
Profit before income taxes	82,543	59,291
Income taxes-current	9,779	7,421
Income taxes-deferred	2,602	2,437
Total income taxes	12,381	9,858
Profit	70,161	49,432
Profit attributable to non-controlling interests	3,972	2,848
Profit attributable to owners of parent	66,188	46,584

Quarterly Consolidated Statement of Comprehensive Income
 Nine months ended December 31

	(Millions of yen)	
	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	For the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Profit	70,161	49,432
Other comprehensive income		
Valuation difference on available-for-sale securities	6	0
Foreign currency translation adjustment	-7,764	-4,228
Remeasurements of defined benefit plans, net of tax	586	22
Total other comprehensive income	-7,171	-4,205
Comprehensive income	62,990	45,227
Comprehensive income attributable to:		
Owners of parent	61,262	43,602
Non-controlling interests	1,728	1,625

(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)

ACOM canceled treasury shares (29,668,702 shares) on June 3, 2021, based on the resolution at the Board of Directors Meeting held on May 20, 2021. During the nine months ended December 31, 2021, capital surplus decreased to 69,861 million yen (down 3,687 million yen), retained earnings decreased to 384,069 million yen (down 16,106 million yen), treasury shares decreased by 19,794 million yen.

(Additional Information)

<Applying of Accounting Standard for Revenue Recognition>

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) from the beginning of the three months ended June 30, 2021, which will not have any affect on Quarterly Consolidated Financial Statements.

<Applying of Accounting Standard for Fair Value Measurement>

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019) from the beginning of the three months ended June 30, 2021, which will not have any affect on Quarterly Consolidated Financial Statements.

<Allowance of Provision for loss on interest repayment>

Regarding Provision for loss on interest repayment, the company estimates the amount of interest repayment by predicting the number of requests for interest repayments and average repayment amount based on the previous interest repayment and etc. However, since the number of requests for interest repayment regarding lawyers and judicial scriveners exceeded the estimates, the required amount was added.

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, 2021)	Current third quarter (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	78,168	54,633
Accounts receivable - operating loans	784,051	779,098
Accounts receivable - installment	78,788	85,439
Raw materials and supplies	47	49
Right to reimbursement	51,591	54,633
Other	18,285	17,634
Allowance for doubtful accounts	-56,040	-60,020
Total current assets	954,892	931,469
Non-current assets		
Property, plant and equipment	13,354	11,688
Intangible assets	6,464	6,911
Investments and other assets		
Deferred tax assets	30,960	28,779
Prepaid pension costs	4,443	4,877
Other	25,633	25,182
Allowance for doubtful accounts	-860	-780
Total investments and other assets	60,176	58,060
Total non-current assets	79,995	76,660
Total assets	1,034,887	1,008,129
Liabilities		
Current liabilities		
Accounts payable-trade	677	902
Commercial papers	5,000	4,000
Current portion of long-term borrowings	58,183	80,795
Current portion of bonds payable	40,000	40,000
Income taxes payable	4,317	553
Provision for loss on guarantees	8,140	8,210
Asset retirement obligations	306	266
Other	11,659	10,359
Total current liabilities	128,284	145,086
Non-current liabilities		
Bonds payable	130,000	120,000
Long-term borrowings	291,254	239,774
Provision for loss on interest repayment	56,741	41,800
Asset retirement obligations	5,267	4,994
Other	491	242
Total non-current liabilities	483,755	406,810
Total liabilities	612,039	551,897
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	76,010	72,322
Retained earnings	302,798	320,077
Treasury shares	-19,794	-
Total shareholders' equity	422,847	456,232
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Total net assets	422,847	456,232
Total liabilities and net assets	1,034,887	1,008,129

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

	(Millions of yen)	
	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	For the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Operating revenue		
Interest on operating loans	91,550	88,308
Credit card revenue	7,462	8,062
Revenue from credit guarantee	34,413	32,581
Other financial revenue	0	32
Other operating revenue	16,121	17,265
Total operating revenue	<u>149,547</u>	<u>146,249</u>
Operating expenses		
Financial expenses	2,935	2,523
Other operating expenses	85,339	100,158
Total operating expenses	<u>88,274</u>	<u>102,681</u>
Operating profit	<u>61,272</u>	<u>43,568</u>
Non-operating income		
Interest income	5	1
Dividend income	6,339	5,736
Other	934	488
Total non-operating income	<u>7,279</u>	<u>6,226</u>
Non-operating expenses		
Interest expenses	11	6
Foreign exchange losses	21	10
Other	15	3
Total non-operating expenses	<u>48</u>	<u>20</u>
Ordinary profit	<u>68,503</u>	<u>49,774</u>
Extraordinary income		
Gain on sale of non-current assets	—	24
Gain on sale of investment securities	23	—
Total extraordinary income	<u>23</u>	<u>24</u>
Extraordinary losses		
Loss on sale of non-current assets	—	53
Loss on retirement of non-current assets	96	93
Impairment loss	270	1,100
Other	0	1
Total extraordinary losses	<u>366</u>	<u>1,247</u>
Profit before income taxes	<u>68,160</u>	<u>48,551</u>
Income taxes-current	5,147	3,585
Income taxes-deferred	2,691	2,181
Total income taxes	<u>7,838</u>	<u>5,766</u>
Profit	<u>60,322</u>	<u>42,784</u>