

Brief Statement of the Second Quarter Financial Results for the Fiscal Year Ending March 2023
[Japanese GAAP (Consolidated)]

November 8, 2022

Forward-looking Statement

The statements and figures contained in this Brief Statement of Financial Results for the fiscal year ending March 2023 (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 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:	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:	November 14, 2022
Commencement date of dividend payment:	December 5, 2022
Quarterly material to supplement the financial results:	Applicable
Quarterly financial results conference:	Applicable (For domestic and foreign 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 second quarter.

1. Consolidated Business Results for the Second Quarter Accounting Period (from April 1, 2022, to September 30, 2022)

(1) Consolidated Business Results (Accumulated)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent (Second Quarter)	
	(Millions of yen)	yoy%	(Millions of yen)	yoy%	(Millions of yen)	yoy%	(Millions of yen)	yoy%
2Q for FY March 2023	135,068	2.8	48,798	0.9	48,846	-0.0	33,016	-15.7
2Q for FY March 2022	131,423	-2.6	48,370	-11.2	48,868	-11.8	39,147	-10.0

[Note] Comprehensive income

2Q for FY March 2023: 49,440 million yen [18.8%]

2Q for FY March 2022: 41,621 million yen [-2.9%]

	Basic Earnings per Share (Second Quarter)	Diluted Earnings per Share (Second Quarter)
	(Yen)	(Yen)
2Q for FY March 2023	21.08	—
2Q for FY March 2022	24.99	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
2Q for FY March 2023	1,309,403	605,702	43.4
FY March 2022 (Annual)	1,263,296	563,963	42.1

<Reference> Shareholders' Equity:

2Q for FY March 2023: 568,543 million yen FY March 2022: 531,880 million yen

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
FY March 2022	—	3.00	—	4.00	7.00
FY March 2023	—				
FY March 2023 (Forecast)		5.00	—	5.00	10.00

<Note> Amendment to dividend forecast: None

3. Forecasts for the Fiscal Year Ending March 2023 (from April 1, 2022, to March 31, 2023)

(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	268,300	2.3	87,900	152.7	88,200	148.9	62,400	12.1	39.83

<Note> Amendment to business results forecast: None

(Note)

(1) Change in Important Subsidiaries in the Six Months ended September 30, 2022: 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)

Second Quarter of FY March 2023:	1,566,614,098 shares	FY March 2022:	1,566,614,098 shares
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B) Number of treasury shares at the end of period

Second Quarter of FY March 2023:	50 shares	FY March 2022:	50 shares
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C) Number of average shares outstanding (accumulated quarterly consolidated period)

Second Quarter of FY March 2023:	1,566,614,048 shares	Second Quarter of FY March 2022:	1,566,614,098 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 second quarter financial results conference (web conferencing for domestic and foreign institutional investors and financial analysts) on November 9, 2022. The materials used at the conference 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 six months ended September 30, 2022, the Japanese economy headed toward recovery as economic and social activities gradually returned to normal backed by countermeasures against COVID-19 infection and various government policies. However, signs of voluntary restrictions were seen in consumption behavior with a resurgence of COVID-19 infection cases, and coupled with concerns over a decline in consumer spending due to price hikes caused mainly by soaring resource prices on a global scale and growing tension in the international situation as well as by the rapid depreciation of the Japanese yen, the outlook remained uncertain. Overseas, while the situation varied from country to country, signs of economic recovery became apparent in the Kingdom of Thailand on the back of growth in consumer spending, as COVID-19 infection began to gradually subside. The situation was similar in the Republic of the Philippines, but growth in consumer spending slowed down due to the progressing inflation.

In the nonbank business sector in Japan, the outlook remains uncertain, as does the Japanese economy. Although requests for interest repayment are decreasing, future trends need to be closely monitored on an ongoing basis, as requests for interest repayment are susceptible to the impacts of changes in the external environment.

In such an environment, the Company Group has continued its operating activities while paying due attention to the safety of customers and employees, and provided flexible and courteous support for repayment, etc.

The Company Group formulated a new medium-term management plan beginning in the fiscal year ending March 31, 2023. Based on this plan, the Company Group has articulated its commitment to each of its stakeholders in the “vision,” and has set forth a medium-term policy to promote initiatives to realize this vision in the next three years. Even amid the spread of COVID-19 infection and other changes in the external environment, the Company Group will continue to promote its operating activities in accordance with its vision and medium-term policy.

Consolidated operating revenue for the six months ended September 30, 2022, increased to 135,068 million yen (up 2.8% year-on-year). This is attributable to: the increases in revenue from credit guarantee in conjunction with the increases in the balance of guaranteed receivables and interest on operating loans due to the impact of depreciation of the yen. Operating expenses also increased to 86,269 million yen (up 3.9% year-on-year) mainly due to an increase in provision of allowance for doubtful accounts, in conjunction with the increase in accounts receivable - operating loans, etc., and an increase in advertising expenses. As a result, operating profit increased to 48,798 million yen (up 0.9% year-on-year). Ordinary profit, on the other hand, decreased to 48,846 million yen (down 0.0% year-on-year) as subsidies for employment adjustment related to COVID-19 infection was recorded under non-operating income in the prior fiscal year. Profit attributable to owners of parent decreased to 33,016 million yen (down 15.7% year-on-year), mainly due to an increase in income taxes-deferred.

(2) Qualitative Information on Financial Position

Compared with the end of the prior fiscal year, total assets increased by 46,107 million yen and net assets increased by 41,739 million yen as of September 30, 2022. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets increased by 55,687 million yen and non-current assets decreased by 9,580 million yen. Consequently, total assets increased by 46,107 million yen. The breakdown of major changes in current assets is as follows: accounts receivable – operating loans (up 33,762 million yen) and cash and deposits (up 14,229 million yen). The increase in accounts receivable – operating loans is due in part to the effects of foreign exchange rates. The breakdown of major decreases in non-current assets is as follows: deferred tax assets (down 7,636 million yen). The combined total of allowance for doubtful accounts recorded under current assets and non-current assets increased by 1,006 million yen.

(Liabilities)

Regarding the liabilities account, changes in current and non-current liabilities were an increase of 22,924 million yen and a decrease of 18,556 million yen, respectively, resulting in an increase of 4,367 million yen in total liabilities. The breakdown of major changes in liabilities includes the outstanding balance of funds procured mainly in the form of loans and bonds payable (up 28,825 million yen) and provision for loss on interest repayment (down 14,811 million yen).

(Net assets)

In terms of net assets, shareholders' equity increased by 26,750 million yen mainly due to the recording of profit attributable to owners of parent under retained earnings, accumulated other comprehensive income increased by 9,912 million yen due in part to an increase in foreign currency translation adjustment, and non-controlling interests increased by 5,076 million yen. As a result, total net assets increased by 41,739 million yen, and the shareholders' equity ratio increased by 1.3 percentage points to 43.4%.

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

As the Company has announced on May 13, 2022, it expects consolidated business results as follows: 268.3 billion yen of operating revenue; 88.2 billion yen of ordinary profit; and 62.4 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 recover. Therefore, the actual results may differ significantly.

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, 2022)	Current second quarter (As of September 30, 2022)
Assets		
Current assets		
Cash and deposits	74,242	88,472
Accounts receivable - operating loans	975,282	1,009,044
Accounts receivable - installment	88,640	95,456
Purchased receivables	7,988	7,980
Other	85,479	87,409
Allowance for doubtful accounts	-77,632	-78,675
Total current assets	1,153,999	1,209,687
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,451	2,881
Equipment, net	7,589	7,725
Land	1,351	-
Other, net	198	88
Total property, plant and equipment	12,590	10,695
Intangible assets		
Goodwill	1,252	993
Software	5,856	6,431
Other	43	43
Total intangible assets	7,152	7,468
Investments and other assets		
Investment securities	1,238	1,353
Retirement benefit asset	5,986	5,705
Deferred tax assets	73,961	66,324
Guarantee deposits	5,133	4,973
Other	3,970	3,896
Allowance for doubtful accounts	-737	-701
Total investments and other assets	89,553	81,552
Total non-current assets	109,296	99,716
Total assets	1,263,296	1,309,403

(Millions of yen)

	Prior fiscal year (As of March 31, 2022)	Current second quarter (As of September 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	797	309
Short-term borrowings	15,284	31,743
Commercial papers	24,999	39,997
Current portion of long-term borrowings	94,429	110,356
Current portion of bonds payable	58,720	43,850
Income taxes payable	13,648	6,302
Provision for loss on guarantees	8,873	8,831
Asset retirement obligations	611	482
Deferred installment income	25	23
Other	12,965	11,380
Total current liabilities	230,355	253,279
Non-current liabilities		
Bonds payable	119,010	109,645
Long-term borrowings	257,899	263,575
Provision for loss on interest repayment	86,200	71,388
Retirement benefit liability	784	923
Asset retirement obligations	4,779	4,658
Other	305	231
Total non-current liabilities	468,978	450,421
Total liabilities	699,333	703,701
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	69,861	69,861
Retained earnings	393,163	419,913
Treasury shares	-0	-0
Total shareholders' equity	526,857	553,607
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	4,306	14,260
Remeasurements of defined benefit plans	716	675
Total accumulated other comprehensive	5,023	14,936
Non-controlling interests	32,082	37,158
Total net assets	563,963	605,702
Total liabilities and net assets	1,263,296	1,309,403

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
Quarterly Consolidated Statement of Income
Six months ended September 30

	(Millions of yen)	
	For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
Operating revenue		
Interest on operating loans	82,142	83,123
Credit card revenue	5,289	5,933
Per-item revenue	33	33
Revenue from credit guarantee	26,518	27,789
Collection from purchased receivables	2,182	2,208
Other financial revenue	39	298
Other operating revenue	15,216	15,681
Total operating revenue	131,423	135,068
Operating expenses		
Financial expenses	2,888	2,038
Cost of purchased receivables	845	768
Other operating expenses	79,317	83,462
Total operating expenses	83,052	86,269
Operating profit	48,370	48,798
Non-operating income		
Interest income	0	0
Dividend income	13	25
Share of profit of entities accounted for using equity method	19	11
Rental income from buildings	88	92
Subsidies for employment adjustment	363	-
Other	24	31
Total non-operating income	510	161
Non-operating expenses		
Interest expenses	4	1
Foreign exchange losses	4	103
Other	3	8
Total non-operating expenses	13	113
Ordinary profit	48,868	48,846

(Millions of yen)

	For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
Extraordinary income		
Gain on sale of non-current assets	0	1,115
Total extraordinary income	0	1,115
Extraordinary losses		
Loss on sale of non-current assets	0	66
Loss on retirement of non-current assets	80	85
Impairment losses	81	-
Other	1	4
Total extraordinary losses	164	157
Profit before income taxes	48,704	49,805
Income taxes-current	4,710	6,236
Income taxes-deferred	2,394	8,082
Total income taxes	7,104	14,318
Profit	41,599	35,486
Profit attributable to non-controlling interests	2,451	2,469
Profit attributable to owners of parent	39,147	33,016

Quarterly Consolidated Statement of Comprehensive Income
Six months ended September 30

(Millions of yen)

	For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
Profit	41,599	35,486
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	8	13,993
Remeasurements of defined benefit plans, net of tax	13	-39
Total other comprehensive income	21	13,954
Comprehensive income	41,621	49,440
Comprehensive income attributable to:		
Owners of parent	39,173	42,929
Non-controlling interests	2,447	6,511

(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

(Significant Subsequent Events)

At the Executive Officer's meeting held on November 7, 2022, the company resolved that ACOM(M)SDN. BHD., the Company's wholly owned subsidiary company in Malaysia, would enter into the unsecured personal loan business in the country and that the Company would increase its capital in the subsidiary.

1. Purpose of Capital Increase

ACOM(M)SDN. BHD. has been conditionally approved for a business license in Malaysia on October 6, 2022. The company will increase its capital for entering into the unsecured personal loan business and for operating funds needed for the initial phase of the business.

2. Overview of the Subsidiary and Capital Increase

- (1) Name: ACOM (M) SDN. BHD.
- (2) Business Outline: Providing money lending services and other related business
- (3) Amount of Capital Increase: 1st. RM13,000,000 (RM15,000,000 after the capital increase)
2nd. The capital after the capital increase is equivalent to and not exceeded to 1 billion yen
- (4) Share after Capital Increase: 100% by the Comapny
- (5) Date of Captail Payment: 1st. December, 2022 (to be scheduled)
2nd. to be decided

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, 2022)	Current second quarter (As of September 30, 2022)
Assets		
Current assets		
Cash and deposits	69,334	84,423
Accounts receivable - operating loans	783,155	791,882
Accounts receivable - installment	87,962	94,724
Right to reimbursement	54,519	56,256
Other	18,291	17,170
Allowance for doubtful accounts	-56,600	-58,130
Total current assets	956,664	986,327
Non-current assets		
Property, plant and equipment	11,705	9,849
Intangible assets	6,928	7,204
Investments and other assets		
Deferred tax assets	75,717	69,332
Prepaid pension costs	4,750	4,538
Other	25,447	25,718
Allowance for doubtful accounts	-700	-670
Total investments and other assets	105,215	98,919
Total non-current assets	123,849	115,973
Total assets	1,080,514	1,102,301
Liabilities		
Current liabilities		
Accounts payable-trade	784	303
Short-term borrowings	5,000	10,000
Commercial papers	24,999	39,997
Current portion of long-term borrowings	86,540	98,858
Current portion of bonds payable	45,000	40,000
Income taxes payable	11,087	3,713
Provision for loss on guarantees	8,010	7,960
Asset retirement obligations	611	482
Other	10,517	9,569
Total current liabilities	192,551	210,885
Non-current liabilities		
Bonds payable	95,000	80,000
Long-term borrowings	240,461	247,801
Provision for loss on interest repayment	86,200	71,388
Asset retirement obligations	4,545	4,400
Other	225	190
Total non-current liabilities	426,431	403,779
Total liabilities	618,982	614,665
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	72,322	72,322
Retained earnings	325,375	351,480
Treasury shares	-0	-0
Total shareholders' equity	461,531	487,635
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Total net assets	461,531	487,635
Total liabilities and net assets	1,080,514	1,102,301

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

(Millions of yen)

	For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
Operating revenue		
Interest on operating loans	58,769	58,725
Credit card revenue	5,289	5,933
Revenue from credit guarantee	21,511	22,648
Other financial revenue	13	179
Other operating revenue	11,753	12,104
Total operating revenue	97,336	99,591
Operating expenses		
Financial expenses	1,745	1,358
Other operating expenses	60,639	62,679
Total operating expenses	62,384	64,038
Operating profit	34,951	35,552
Non-operating income		
Interest income	1	0
Dividend income	4,436	5,742
Other	434	124
Total non-operating income	4,872	5,867
Non-operating expenses		
Interest expenses	4	0
Foreign exchange losses	4	106
Other	3	6
Total non-operating expenses	12	114
Ordinary profit	39,811	41,305
Extraordinary income		
Gain on sale of non-current assets	-	1,115
Total extraordinary income	-	1,115
Extraordinary losses		
Loss on sale of non-current assets	-	66
Loss on retirement of non-current assets	78	79
Impairment losses	81	-
Other	1	4
Total extraordinary losses	162	151
Profit before income taxes	39,649	42,269
Income taxes-current	2,401	3,513
Income taxes-deferred	1,275	6,385
Total income taxes	3,676	9,899
Profit	35,973	32,370