

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

January 31, 2023

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) 6865-6474
Registration date of quarterly securities report:	February 14, 2023
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, 2022, to December 31, 2022)

(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 2023	204,060	3.6	70,646	17.8	70,766	16.9	44,333	-4.8
3Q for FY March 2022	196,922	-2.0	59,963	-26.8	60,519	-27.0	46,584	-29.6

[Note] Comprehensive income

3Q for FY March 2023: 60,520 million yen [33.8%]

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

	Basic Earnings per Share (Third Quarter)	Diluted Earnings per Share (Third Quarter)
	(Yen)	(Yen)
3Q for FY March 2023	28.30	—
3Q for FY March 2022	29.74	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
3Q for FY March 2023	1,293,746	608,949	44.1
FY March 2022 (Annual)	1,263,296	563,963	42.1

<Reference> Shareholders' Equity:

3Q for FY March 2023: 571,054 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	—	5.00	—	—	—
FY March 2023 (Forecast)	—	—	—	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 Nine months ended December 31, 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)

Third 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

Third 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)

Third Quarter of FY March 2023:	1,566,614,048 shares	Third 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 third quarter financial results conference (web conferencing for domestic institutional investors and financial analysts) in January 31, 2023. 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 nine months ended December 31, 2022, 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, the outlook remained uncertain. There are concerns about a decline in consumption by the price hikes due to 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. 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.

Despite signs of recovery in demand for funds 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. The Company Group will continue to promote its operating activities in accordance with its vision and medium-term policy, adopting to changes in the external environment including the spread of COVID-19 infection. In December 2022, the Company relocated its head office from Chiyoda-ku to Minato-ku, Tokyo. Through the comfortable work environment and the revitalization of communication, we will strive to strengthen the functions of the head office.

Consolidated operating revenue for the nine months ended December 31, 2022, increased to 204,060 million yen (up 3.6% year-on-year). This is mainly due to the increase of interest on operating loan, attributable to the increase of operating loans and the impact of depreciation of the yen. Operating expenses decreased to 133,414 million yen (down 2.6% year-on-year) mainly due to the stripping out of the provision for loss on interest repayments (7,600 million yen for prior third quarter). As a result, operating profit increased to 70,646 million yen (up 17.8% year-on-year). Ordinary profit increased to 70,766 million yen (up 16.9% year-on-year). Profit attributable to owners of parent decreased to 44,333 million yen (down 4.8% 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 30,449 million yen and net assets increased by 44,985 million yen as of December 31, 2022. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets increased by 45,345 million yen and non-current assets decreased by 14,896 million yen. Consequently, total assets increased by 30,449 million yen. The breakdown of major changes in current assets is as follows: accounts receivable – operating loans (up 37,888 million yen) and accounts receivable – installment (up 11,353 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 10,548 million yen) and equipment, net (down 3,339 million yen) for impairment loss due to the relocation of head office. The combined total of allowance for doubtful accounts recorded under current assets and non-current assets increased by 3,460 million yen.

(Liabilities)

Regarding the liabilities account, changes in current and non-current liabilities were an increase of 5,621 million yen and a decrease of 20,158 million yen, respectively, resulting in a decrease of 14,536 million yen in total liabilities. The breakdown of major changes in liabilities includes the provision for loss on interest repayment (down 21,529 million yen), income taxes payable (down 10,615 million yen), and the outstanding balance of funds procured mainly in the form of loans and bonds payable (up 17,304 million yen).

(Net assets)

In terms of net assets, shareholders' equity increased by 30,233 million yen mainly due to the recording of profit attributable to owners of parent under retained earnings, accumulated other comprehensive income increased by 8,939 million yen due in part to an increase in foreign currency translation adjustment, and non-controlling interests increased by 5,812 million yen. As a result, total net assets increased by 44,985 million yen, and the shareholders' equity ratio increased by 2.0 percentage points to 44.1%.

(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 from the forecast.

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 the 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 third quarter (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	74,242	71,368
Accounts receivable - operating loans	975,282	1,013,170
Accounts receivable - installment	88,640	99,993
Purchased receivables	7,988	7,641
Other	85,479	88,318
Allowance for doubtful accounts	-77,632	-81,148
Total current assets	1,153,999	1,199,345
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,451	3,280
Equipment, net	7,589	4,250
Land	1,351	-
Other, net	198	74
Total property, plant and equipment	12,590	7,606
Intangible assets		
Goodwill	1,252	863
Software	5,856	6,715
Other	43	43
Total intangible assets	7,152	7,623
Investments and other assets		
Investment securities	1,238	1,363
Retirement benefit asset	5,986	6,440
Deferred tax assets	73,961	63,412
Guarantee deposits	5,133	4,785
Other	3,970	3,851
Allowance for doubtful accounts	-737	-683
Total investments and other assets	89,553	79,170
Total non-current assets	109,296	94,400
Total assets	1,263,296	1,293,746

(Millions of yen)

	Prior fiscal year (As of March 31, 2022)	Current third quarter (As of December 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	797	534
Short-term borrowings	15,284	30,164
Commercial papers	24,999	44,997
Current portion of long-term borrowings	94,429	90,558
Current portion of bonds payable	58,720	43,810
Income taxes payable	13,648	3,033
Provision for loss on guarantees	8,873	8,920
Asset retirement obligations	611	47
Deferred installment income	25	21
Other	12,965	13,888
Total current liabilities	230,355	235,976
Non-current liabilities		
Bonds payable	119,010	105,527
Long-term borrowings	257,899	272,589
Provision for loss on interest repayment	86,200	64,670
Retirement benefit liability	784	935
Asset retirement obligations	4,779	4,881
Other	305	214
Total non-current liabilities	468,978	448,820
Total liabilities	699,333	684,797
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	69,861	69,861
Retained earnings	393,163	423,397
Treasury shares	-0	-0
Total shareholders' equity	526,857	557,090
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	4,306	13,304
Remeasurements of defined benefit plans	716	658
Total accumulated other comprehensive	5,023	13,963
Non-controlling interests	32,082	37,894
Total net assets	563,963	608,949
Total liabilities and net assets	1,263,296	1,293,746

(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, 2021 (From April 1, 2021 to December 31, 2021)	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Operating revenue		
Interest on operating loans	123,061	126,062
Credit card revenue	8,062	9,135
Per-item revenue	49	49
Revenue from credit guarantee	40,131	42,183
Collection from purchased receivables	3,385	3,343
Other financial revenue	35	207
Other operating revenue	22,195	23,079
Total operating revenue	196,922	204,060
Operating expenses		
Financial expenses	4,050	3,014
Cost of purchased receivables	1,253	1,169
Other operating expenses	131,654	129,230
Total operating expenses	136,959	133,414
Operating profit	59,963	70,646
Non-operating income		
Interest income	1	1
Dividend income	13	25
Share of profit of entities accounted for using equity method	27	20
Rental income from buildings	134	139
Subsidies for employment adjustment	363	-
Other	37	60
Total non-operating income	578	248
Non-operating expenses		
Interest expenses	6	1
Foreign exchange losses	11	114
Other	4	12
Total non-operating expenses	22	127
Ordinary profit	60,519	70,766

(Millions of yen)

	For the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Extraordinary income		
Gain on sale of non-current assets	25	1,117
Total extraordinary income	25	1,117
Extraordinary losses		
Loss on sale of non-current assets	53	67
Loss on retirement of non-current assets	98	175
Impairment losses	1,100	3,523
Other	1	2
Total extraordinary losses	1,253	3,769
Profit before income taxes	59,291	68,114
Income taxes-current	7,421	9,213
Income taxes-deferred	2,437	10,976
Total income taxes	9,858	20,189
Profit	49,432	47,925
Profit attributable to non-controlling interests	2,848	3,591
Profit attributable to owners of parent	46,584	44,333

Quarterly Consolidated Statement of Comprehensive Income
 Nine months ended December 31

(Millions of yen)

	For the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Profit	49,432	47,925
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	-4,228	12,649
Remeasurements of defined benefit plans, net of tax	22	-54
Total other comprehensive income	-4,205	12,595
Comprehensive income	45,227	60,520
Comprehensive income attributable to:		
Owners of parent	43,602	53,272
Non-controlling interests	1,625	7,247

(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, 2022)	Current third quarter (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	69,334	67,471
Accounts receivable - operating loans	783,155	795,987
Accounts receivable - installment	87,962	99,316
Right to reimbursement	54,519	56,965
Other	18,291	18,008
Allowance for doubtful accounts	-56,600	-59,640
Total current assets	956,664	978,109
Non-current assets		
Property, plant and equipment	11,705	6,808
Intangible assets	6,928	7,331
Investments and other assets		
Deferred tax assets	75,717	66,532
Prepaid pension costs	4,750	5,271
Other	25,447	24,323
Allowance for doubtful accounts	-700	-660
Total investments and other assets	105,215	95,468
Total non-current assets	123,849	109,608
Total assets	1,080,514	1,087,717
Liabilities		
Current liabilities		
Accounts payable-trade	784	530
Short-term borrowings	5,000	10,000
Commercial papers	24,999	44,997
Current portion of long-term borrowings	86,540	76,512
Current portion of bonds payable	45,000	40,000
Income taxes payable	11,087	1,380
Provision for loss on guarantees	8,010	8,020
Asset retirement obligations	611	45
Other	10,517	11,409
Total current liabilities	192,551	192,896
Non-current liabilities		
Bonds payable	95,000	80,000
Long-term borrowings	240,461	256,979
Provision for loss on interest repayment	86,200	64,670
Asset retirement obligations	4,545	4,622
Other	225	174
Total non-current liabilities	426,431	406,446
Total liabilities	618,982	599,343
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	72,322	72,322
Retained earnings	325,375	352,218
Treasury shares	-0	-0
Total shareholders' equity	461,531	488,374
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	488,374
Total liabilities and net assets	1,080,514	1,087,717

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

(Millions of yen)

	For the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Operating revenue		
Interest on operating loans	88,308	88,597
Credit card revenue	8,062	9,135
Revenue from credit guarantee	32,581	34,435
Other financial revenue	32	104
Other operating revenue	17,265	17,753
Total operating revenue	146,249	150,025
Operating expenses		
Financial expenses	2,523	1,973
Other operating expenses	100,158	96,845
Total operating expenses	102,681	98,818
Operating profit	43,568	51,206
Non-operating income		
Interest income	1	1
Dividend income	5,736	7,444
Other	488	202
Total non-operating income	6,226	7,647
Non-operating expenses		
Interest expenses	6	1
Foreign exchange losses	10	117
Other	3	9
Total non-operating expenses	20	127
Ordinary profit	49,774	58,726
Extraordinary income		
Gain on sale of non-current assets	24	1,115
Total extraordinary income	24	1,115
Extraordinary losses		
Loss on sale of non-current assets	53	67
Loss on retirement of non-current assets	93	169
Impairment losses	1,100	3,523
Loss on valuation of stocks of subsidiaries and affiliates	-	1,190
Other	1	2
Total extraordinary losses	1,247	4,953
Profit before income taxes	48,551	54,889
Income taxes-current	3,585	4,761
Income taxes-deferred	2,181	9,185
Total income taxes	5,766	13,946
Profit	42,784	40,942