

Brief Statement of the Second Quarter Financial Results for the Fiscal Year Ending March 2024
[Japanese GAAP (Consolidated)]

November 9, 2023

Forward-looking Statement

The statements and figures contained in this Brief Statement of Financial Results for the fiscal year ending March 2024 (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. 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 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:	November 14, 2023
Commencement date of dividend payment:	December 1, 2023
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, 2023, to September 30, 2023)

(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 2024	144,299	6.8	44,218	(9.4)	44,382	(9.1)	27,287	(17.4)
2Q for FY March 2023	135,068	2.8	48,798	0.9	48,846	(0.0)	33,016	(15.7)

[Note] Comprehensive income

2Q for FY March 2024: 39,661 million yen [(19.8%)]

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

	Basic Earnings per Share (Second Quarter)	Diluted Earnings per Share (Second Quarter)
	(Yen)	(Yen)
2Q for FY March 2024	17.42	—
2Q for FY March 2023	21.08	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
2Q for FY March 2024	1,359,973	650,192	44.7
FY March 2023 (Annual)	1,297,316	619,837	44.8

<Reference> Shareholders' Equity:

2Q for FY March 2024: 607,392 million yen FY March 2023: 581,087 million yen

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
FY March 2023	—	5.00	—	5.00	10.00
FY March 2024	—	6.00	—	—	—
FY March 2024 (Forecast)	—	—	—	6.00	12.00

<Note> Amendment to dividend forecast: None

3. Forecasts for the Fiscal Year Ending March 2024 (from April 1, 2023, to March 31, 2024)

(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	293,100	7.1	84,500	(3.2)	84,800	(3.1)	52,900	(3.7)	33.77

<Note> Amendment to business results forecast: Applicable

For more details, please refer to "Revision of Business Forecasts for the Fiscal Year ending March 2024," released on November 9, 2023.

(Note)

(1) Change in Important Subsidiaries in the Six Months ended September 30, 2023: 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 2024:	1,566,614,098 shares	FY March 2023:	1,566,614,098 shares
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B) Number of treasury shares at the end of period

Second Quarter of FY March 2024:	50 shares	FY March 2023:	50 shares
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C) Number of average shares outstanding (accumulated quarterly consolidated period)

Second Quarter of FY March 2024:	1,566,614,048 shares	Second Quarter of FY March 2023:	1,566,614,048 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 for the year ending March 2024 for domestic institutional investors and financial analysts on November 9, 2023, and a video conferencing for foreign institutional investors and analysts on November 9, 2023. The materials used at the conference will be available on ACOM's website after disclosure of financial results. The archive of the conference will be also available on the website after the conference is held.

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1. Quarterly Qualitative Information on Business Results

(1) Qualitative Information on Business Results

During the six months ended September 30, 2023, Japanese socio-economic activities are returning to normal against a backdrop of COVID-19 being classified as a Category V Infectious Disease and various government policies, resulting in economic conditions showing signs of gradual recovery. However, there are some risks that could push down Japan's economic momentum, such as a slowdown in global economy coupled with growing tension in the international situation and prolonged monetary tightening in response to high global inflation. The impact of those factors on consumer spending and financial markets needs to be closely monitored.

Overseas, while the situation varied from country to country, economic conditions in the Kingdom of Thailand where we operate the business, continue to grow gradually led by inbound demand and recovery of consumer spending although the economic growth rate has slowed down due to slowdown of global economy. In the Republic of the Philippines, the steady economic growth is expected associated with a recovery of inbound demand in the future.

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 formulated a medium-term management plan beginning in the fiscal year ended 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. ACOM (M) SDN. BHD., our subsidiary established in Malaysia, started its personal loan business in September 2023. Even amid 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, 2023, increased to 144,299 million yen (up 6.8% year-on-year). This is attributable to: the increases in interest on operating loans due to an increase in accounts receivable - operating loans and the impact of depreciation of the yen. Operating expenses also increased to 100,081 million yen (up 16.0% year-on-year) mainly due to an increase in provision of allowance for doubtful accounts associated with the expansion of business scale and an increase in advertising expenses associated with strengthening attracting new customers. As a result, operating profit decreased to 44,218 million yen (down 9.4% year-on-year). Ordinary profit also decreased to 44,382 million yen (down 9.1% year-on-year). Due to the stripping out of gain on sale of non-current assets recorded in the previous year, profit attributable to owners of parent decreased to 27,287 million yen (down 17.4% year-on-year).

(2) Qualitative Information on Financial Position

Compared with the end of the prior fiscal year, total assets increased by 62,657 million yen and net assets increased by 30,354 million yen as of September 30, 2023. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets increased by 69,731 million yen and non-current assets decreased by 7,074 million yen. Consequently, total assets increased by 62,657 million yen. The breakdown of major increases in current assets is as follows: accounts receivable – operating loans (up 51,042 million yen) and accounts receivable - installment (up 9,092 million yen). The factors of an increase in accounts receivable - operating loans include foreign exchange impacts. The increases in accounts receivable - operating loans and accounts receivable - installment led to an increase of 4,517 million yen in allowance for doubtful accounts. The breakdown of major decreases in non-current assets is as follows: deferred tax assets due in part to a reversal of provision for loss on interest repayment (down 6,940 million yen).

(Liabilities)

With regard to the liabilities account, changes in current and non-current liabilities were an increase of 53,055 million yen and a decrease of 20,753 million yen, respectively, resulting in an increase of 32,302 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 46,808 million yen) and provision for loss on interest repayment (down 13,950 million yen).

(Net assets)

In terms of net assets, shareholders' equity increased by 19,454 million yen due to an increase in retained earnings. The breakdown of major changes in retained earnings includes an increase due to the recording of profit attributable to owners of parent (27,287 million yen) and a decrease due to the payment of dividends (7,833 million yen). Moreover, accumulated other comprehensive income increased by 6,851 million yen due in part to an increase in foreign currency translation adjustment, and non-controlling interests increased by 4,049 million yen. As a result, total net assets increased by 30,354 million yen, and the shareholders' equity ratio decreased by 0.1

percentage points to 44.7%.

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

The Company expects consolidated business results as follows: 293.1 billion yen of operating revenue; 84.5 billion yen of operating profit; 84.8 billion yen of ordinary profit; and 52.9 billion yen of profit attributable to owners of parent. For more details, please refer to “Revision of Business Forecasts for the Fiscal Year ending March 2024,” released on November 9.

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. 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, 2023)	Current second quarter (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	57,666	66,815
Accounts receivable - operating loans	1,029,728	1,080,770
Accounts receivable - installment	104,295	113,387
Purchased receivables	7,630	7,785
Other	89,590	94,399
Allowance for doubtful accounts	(83,418)	(87,935)
Total current assets	1,205,491	1,275,223
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,168	2,954
Equipment, net	4,272	4,194
Other, net	115	68
Total property, plant and equipment	7,556	7,217
Intangible assets		
Goodwill	734	474
Software	6,829	7,245
Other	43	43
Total intangible assets	7,606	7,763
Investments and other assets		
Investment securities	1,396	1,405
Retirement benefit asset	5,906	5,611
Deferred tax assets	61,637	54,696
Guarantee deposits	4,572	4,352
Other	3,817	4,322
Allowance for doubtful accounts	(667)	(620)
Total investments and other assets	76,661	69,769
Total non-current assets	91,824	84,750
Total assets	1,297,316	1,359,973

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current second quarter (As of September 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	344	575
Short-term borrowings	18,528	25,338
Commercial papers	34,998	54,997
Current portion of long-term borrowings	104,381	107,353
Current portion of bonds payable	32,600	56,455
Income taxes payable	6,644	7,363
Provision for loss on guarantees	9,612	10,718
Asset retirement obligations	709	278
Deferred installment income	26	23
Other	14,644	12,443
Total current liabilities	222,491	275,546
Non-current liabilities		
Bonds payable	91,660	80,989
Long-term borrowings	298,857	302,701
Provision for loss on interest repayment	57,723	43,773
Retirement benefit liability	789	892
Asset retirement obligations	5,653	5,634
Other	303	242
Total non-current liabilities	454,987	434,234
Total liabilities	677,478	709,780
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	69,861	69,861
Retained earnings	433,990	453,444
Treasury shares	(0)	(0)
Total shareholders' equity	567,683	587,138
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	12,943	19,790
Remeasurements of defined benefit plans	459	464
Total accumulated other comprehensive income	13,403	20,254
Non-controlling interests	38,750	42,799
Total net assets	619,837	650,192
Total liabilities and net assets	1,297,316	1,359,973

(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, 2022 (From April 1, 2022 to September 30, 2022)	For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Operating revenue		
Interest on operating loans	83,123	88,521
Credit card revenue	5,933	7,022
Per-item revenue	33	33
Revenue from credit guarantee	27,789	29,993
Collection from purchased receivables	2,208	2,334
Other financial revenue	298	176
Other operating revenue	15,681	16,217
Total operating revenue	135,068	144,299
Operating expenses		
Financial expenses	2,038	2,219
Cost of purchased receivables	768	876
Other operating expenses	83,462	96,985
Total operating expenses	86,269	100,081
Operating profit	48,798	44,218
Non-operating income		
Interest income	0	0
Dividend income	25	29
Share of profit of entities accounted for using equity method	11	8
Rental income from buildings	92	93
Foreign exchange gains	-	15
Other	31	26
Total non-operating income	161	175
Non-operating expenses		
Interest expenses	1	0
Foreign exchange losses	103	-
Other	8	10
Total non-operating expenses	113	10
Ordinary profit	48,846	44,382

(Millions of yen)

	For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Extraordinary income		
Gain on sale of non-current assets	1,115	1
Total extraordinary income	1,115	1
Extraordinary losses		
Loss on sale of non-current assets	66	0
Loss on retirement of non-current assets	85	127
Other	4	1
Total extraordinary losses	157	129
Profit before income taxes	49,805	44,255
Income taxes-current	6,236	7,017
Income taxes-deferred	8,082	7,208
Total income taxes	14,318	14,226
Profit	35,486	30,029
Profit attributable to non-controlling interests	2,469	2,741
Profit attributable to owners of parent	33,016	27,287

Quarterly Consolidated Statement of Comprehensive Income
Six months ended September 30

(Millions of yen)

	For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Profit	35,486	30,029
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	13,993	9,626
Remeasurements of defined benefit plans, net of tax	(39)	5
Total other comprehensive income	13,954	9,632
Comprehensive income	49,440	39,661
Comprehensive income attributable to:		
Owners of parent	42,929	34,138
Non-controlling interests	6,511	5,522

(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, 2023)	Current second quarter (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	52,957	58,064
Accounts receivable - operating loans	810,958	845,213
Accounts receivable - installment	103,575	112,650
Right to reimbursement	57,192	58,656
Other	18,885	20,608
Allowance for doubtful accounts	(61,050)	(65,390)
Total current assets	982,519	1,029,804
Non-current assets		
Property, plant and equipment	6,773	6,474
Intangible assets	7,338	7,408
Investments and other assets		
Deferred tax assets	64,656	58,926
Prepaid pension costs	5,165	4,878
Other	24,451	28,461
Allowance for doubtful accounts	(650)	(610)
Total investments and other assets	93,623	91,656
Total non-current assets	107,736	105,539
Total assets	1,090,256	1,135,343
Liabilities		
Current liabilities		
Accounts payable-trade	334	572
Short-term borrowings	-	6,000
Commercial papers	34,998	54,997
Current portion of long-term borrowings	89,926	92,631
Current portion of bonds payable	25,000	30,000
Income taxes payable	3,622	4,397
Provision for loss on guarantees	8,670	9,800
Asset retirement obligations	709	277
Other	12,029	10,312
Total current liabilities	175,290	208,989
Non-current liabilities		
Bonds payable	70,000	70,000
Long-term borrowings	285,253	294,073
Provision for loss on interest repayment	57,723	42,773
Asset retirement obligations	5,393	5,360
Other	178	157
Total non-current liabilities	418,549	413,365
Total liabilities	593,839	622,354
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	72,322	72,322
Retained earnings	360,261	376,834
Treasury shares	(0)	(0)
Total shareholders' equity	496,416	512,989
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Total net assets	496,416	512,989
Total liabilities and net assets	1,090,256	1,135,343

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

(Millions of yen)

	For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Operating revenue		
Interest on operating loans	58,725	61,559
Credit card revenue	5,933	7,022
Revenue from credit guarantee	22,648	24,611
Other financial revenue	179	112
Other operating revenue	12,104	12,305
Total operating revenue	99,591	105,612
Operating expenses		
Financial expenses	1,358	1,401
Other operating expenses	62,679	74,549
Total operating expenses	64,038	75,950
Operating profit	35,552	29,662
Non-operating income		
Interest income	0	0
Dividend income	5,742	4,353
Other	124	134
Total non-operating income	5,867	4,488
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	106	-
Other	6	9
Total non-operating expenses	114	10
Ordinary profit	41,305	34,140
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	79	106
Other	4	1
Total extraordinary losses	151	108
Profit before income taxes	42,269	34,032
Income taxes-current	3,513	3,896
Income taxes-deferred	6,385	5,729
Total income taxes	9,899	9,626
Profit	32,370	24,405