

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

January 31, 2024

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:	February 13, 2024
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, 2023, to December 31, 2023)

(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 2024	218,986	7.3	66,867	(5.3)	67,013	(5.3)	41,717	(5.9)
3Q for FY March 2023	204,060	3.6	70,646	17.8	70,766	16.9	44,333	(4.8)

[Note] Comprehensive income

3Q for FY March 2024: 55,892 million yen [(7.6%)]

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

	Basic Earnings per Share (Third Quarter)	Diluted Earnings per Share (Third Quarter)
	(Yen)	(Yen)
3Q for FY March 2024	26.63	—
3Q for FY March 2023	28.30	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
3Q for FY March 2024	1,390,350	657,023	44.1
FY March 2023 (Annual)	1,297,316	619,837	44.8

<Reference> Shareholders' Equity:

3Q for FY March 2024: 612,984 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: None

(Note)

(1) Change in Important Subsidiaries in the Nine months ended December 31, 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)

Third 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

Third 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)

Third Quarter of FY March 2024:	1,566,614,048 shares	Third 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 third quarter financial results conference (web conferencing for domestic institutional investors and financial analysts) on January 31, 2024. The materials used at the conference will be available at ACOM's website promptly after disclosure of financial results.

Contents

1. Interim 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. Interim Consolidated Financial Statements and Major Notes:	P4
(1) Interim Consolidated Balance Sheet:	P4
(2) Interim Consolidated Statement of Income and Interim Consolidated Statement of Comprehensive Income:	P6
(3) Notes on Interim Consolidated Financial Statements:	P9
(Notes on Going-concern Assumption):	P9
(Notes in case of any significant changes in the amount of Shareholders' Equity):	P9
3. [Reference] Interim Non-consolidated Financial Statements:	P10
(1) [Reference] Interim Non-consolidated Balance Sheet:	P10
(2) [Reference] Interim Non-consolidated Statement of Income:	P11

1. Interim Qualitative Information on Business Results

(1) Interim Information on Business Results

During the nine months ended December 31, 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 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 nine months ended December 31, 2023, increased to 218,986 million yen (up 7.3% 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 152,118 million yen (up 14.0% year-on-year) due to an increase in provision for bad debts 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 66,867 million yen (down 5.3% year-on-year). Ordinary profit also decreased to 67,013 million yen (down 5.3% year-on-year). Profit attributable to owners of parent decreased to 41,717 million yen (down 5.9% year-on-year).

(2) Qualitative Information on Financial Position

Compared with the end of the prior fiscal year, total assets increased by 93,033 million yen and net assets increased by 37,185 million yen as of December 31, 2023. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets increased by 100,386 million yen and non-current assets decreased by 7,352 million yen. Consequently, total assets increased by 93,033 million yen. The breakdown of major increases in current assets is as follows: accounts receivable — operating loans (up 67,375 million yen) and accounts receivable - installment (up 14,183 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 7,540 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 8,863 million yen).

(Liabilities)

With regard to the liabilities account, changes in current and non-current liabilities were an increase of 57,079 million yen and a decrease of 1,232 million yen, respectively, resulting in an increase of 55,847 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 76,612 million yen) and provision for loss on interest repayment (down 20,636 million yen).

(Net assets)

In terms of net assets, shareholders' equity increased by 24,484 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 (41,717 million yen) and a decrease due to the payment of dividends (17,232 million yen). Moreover, accumulated other comprehensive income increased by 7,412 million yen due in part to an increase in foreign currency translation adjustment, and non-controlling interests increased by 5,288 million yen. As a result, total net assets increased by 37,185 million yen, and the shareholders' equity ratio decreased by 0.7 percentage points to 44.1%.

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

The Company expects 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.

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. 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. Interim Consolidated Financial Statements and Major Notes
(1) Interim Consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current third quarter (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	57,666	77,610
Accounts receivable - operating loans	1,029,728	1,097,103
Accounts receivable - installment	104,295	118,479
Purchased receivables	7,630	8,279
Other	89,590	95,363
Allowance for doubtful accounts	(83,418)	(90,959)
Total current assets	1,205,491	1,305,877
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,168	2,915
Equipment, net	4,272	4,031
Other, net	115	1,358
Total property, plant and equipment	7,556	8,305
Intangible assets		
Goodwill	734	345
Software	6,829	7,599
Other	43	32
Total intangible assets	7,606	7,977
Investments and other assets		
Investment securities	1,396	1,410
Retirement benefit asset	5,906	6,325
Deferred tax assets	61,637	52,773
Guarantee deposits	4,572	4,204
Other	3,817	4,083
Allowance for doubtful accounts	(667)	(607)
Total investments and other assets	76,661	68,189
Total non-current assets	91,824	84,472
Total assets	1,297,316	1,390,350

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current third quarter (As of December 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	344	787
Short-term borrowings	18,528	21,911
Commercial papers	34,998	49,996
Current portion of long-term borrowings	104,381	124,516
Current portion of bonds payable	32,600	52,495
Income taxes payable	6,644	6,294
Provision for loss on guarantees	9,612	10,987
Asset retirement obligations	709	25
Deferred installment income	26	23
Other	14,644	12,532
Total current liabilities	222,491	279,570
Non-current liabilities		
Bonds payable	91,660	106,043
Long-term borrowings	298,857	302,674
Provision for loss on interest repayment	57,723	37,087
Retirement benefit liability	789	921
Asset retirement obligations	5,653	5,650
Other	303	1,378
Total non-current liabilities	454,987	453,755
Total liabilities	677,478	733,326
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	69,861	69,861
Retained earnings	433,990	458,474
Treasury shares	(0)	(0)
Total shareholders' equity	567,683	592,168
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	12,943	20,351
Remeasurements of defined benefit plans	459	464
Total accumulated other comprehensive income	13,403	20,815
Non-controlling interests	38,750	44,039
Total net assets	619,837	657,023
Total liabilities and net assets	1,297,316	1,390,350

(2) Interim Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
Interim Consolidated Statement of Income
Nine months ended December 31

	(Millions of yen)	
	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Operating revenue		
Interest on operating loans	126,062	135,073
Credit card revenue	9,135	10,807
Per-item revenue	49	50
Revenue from credit guarantee	42,183	45,558
Collection from purchased receivables	3,343	3,461
Other financial revenue	207	172
Other operating revenue	23,079	23,862
Total operating revenue	204,060	218,986
Operating expenses		
Financial expenses	3,014	3,482
Cost of purchased receivables	1,169	1,310
Other operating expenses	129,230	147,326
Total operating expenses	133,414	152,118
Operating profit	70,646	66,867
Non-operating income		
Interest income	1	0
Dividend income	25	29
Share of profit of entities accounted for using equity method	20	14
Rental income from buildings	139	141
Other	60	48
Total non-operating income	248	234
Non-operating expenses		
Interest expenses	1	0
Foreign exchange losses	114	73
Other	12	15
Total non-operating expenses	127	89
Ordinary profit	70,766	67,013

(Millions of yen)

	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Extraordinary income		
Gain on sale of non-current assets	1,117	1
Gain on sale of investment securities	-	0
Total extraordinary income	1,117	1
Extraordinary losses		
Loss on sale of non-current assets	67	0
Loss on retirement of non-current assets	175	193
Impairment losses	3,523	-
Other	2	1
Total extraordinary losses	3,769	196
Profit before income taxes	68,114	66,818
Income taxes-current	9,213	12,171
Income taxes-deferred	10,976	9,161
Total income taxes	20,189	21,333
Profit	47,925	45,484
Profit attributable to non-controlling interests	3,591	3,767
Profit attributable to owners of parent	44,333	41,717

Interim Consolidated Statement of Comprehensive Income
 Nine months ended December 31

	(Millions of yen)	
	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Profit	47,925	45,484
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	12,649	10,401
Remeasurements of defined benefit plans, net of tax	(54)	5
Total other comprehensive income	12,595	10,407
Comprehensive income	60,520	55,892
Comprehensive income attributable to:		
Owners of parent	53,272	49,130
Non-controlling interests	7,247	6,762

(3) Notes on Interim 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] Interim Non-consolidated Financial Statements

Interim 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] Interim Non-consolidated Balance Sheet

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current third quarter (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	52,957	68,666
Accounts receivable - operating loans	810,958	858,709
Accounts receivable - installment	103,575	117,775
Right to reimbursement	57,192	58,769
Other	18,885	21,262
Allowance for doubtful accounts	(61,050)	(66,810)
Total current assets	982,519	1,058,372
Non-current assets		
Property, plant and equipment	6,773	7,513
Intangible assets	7,338	7,557
Investments and other assets		
Deferred tax assets	64,656	57,068
Prepaid pension costs	5,165	5,560
Other	24,451	29,850
Allowance for doubtful accounts	(650)	(590)
Total investments and other assets	93,623	91,888
Total non-current assets	107,736	106,960
Total assets	1,090,256	1,165,333
Liabilities		
Current liabilities		
Accounts payable-trade	334	773
Commercial papers	34,998	49,996
Current portion of long-term borrowings	89,926	109,722
Current portion of bonds payable	25,000	30,000
Income taxes payable	3,622	4,578
Provision for loss on guarantees	8,670	9,970
Asset retirement obligations	709	25
Other	12,029	10,048
Total current liabilities	175,290	215,114
Non-current liabilities		
Bonds payable	70,000	95,000
Long-term borrowings	285,253	294,822
Provision for loss on interest repayment	57,723	37,087
Asset retirement obligations	5,393	5,373
Other	178	1,311
Total non-current liabilities	418,549	433,594
Total liabilities	593,839	648,709
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	72,322	72,322
Retained earnings	360,261	380,468
Treasury shares	(0)	(0)
Total shareholders' equity	496,416	516,623
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	516,623
Total liabilities and net assets	1,090,256	1,165,333

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

(Millions of yen)

	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Operating revenue		
Interest on operating loans	88,597	93,775
Credit card revenue	9,135	10,807
Revenue from credit guarantee	34,435	37,411
Other financial revenue	104	72
Other operating revenue	17,753	18,051
Total operating revenue	150,025	160,118
Operating expenses		
Financial expenses	1,973	2,206
Other operating expenses	96,845	111,299
Total operating expenses	98,818	113,505
Operating profit	51,206	46,612
Non-operating income		
Interest income	1	0
Dividend income	7,444	5,860
Other	202	192
Total non-operating income	7,647	6,053
Non-operating expenses		
Interest expenses	1	0
Foreign exchange losses	117	80
Other	9	10
Total non-operating expenses	127	91
Ordinary profit	58,726	52,574
Extraordinary income		
Gain on sale of non-current assets	1,115	-
Gain on sale of investment securities	-	0
Total extraordinary income	1,115	0
Extraordinary losses		
Loss on sale of non-current assets	67	-
Loss on retirement of non-current assets	169	152
Impairment losses	3,523	-
Loss on valuation of stocks of subsidiaries and associates	1,190	-
Other	2	1
Total extraordinary losses	4,953	154
Profit before income taxes	54,889	52,420
Income taxes-current	4,761	7,392
Income taxes-deferred	9,185	7,588
Total income taxes	13,946	14,980
Profit	40,942	37,439