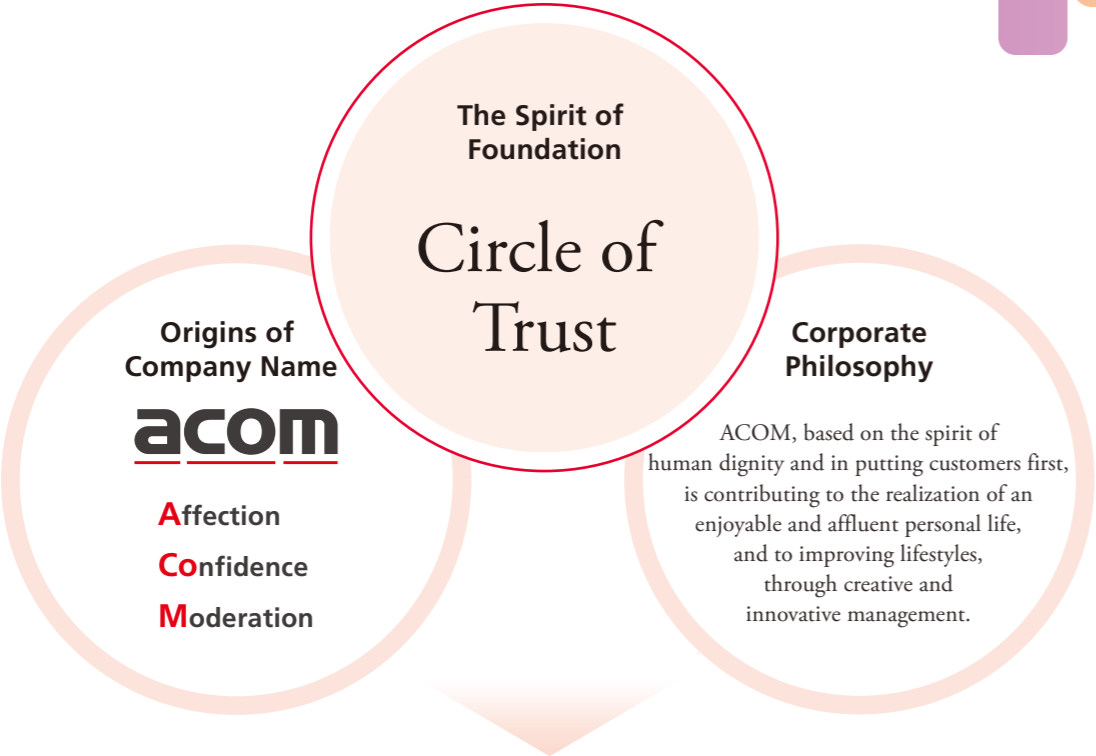


Integrated Report 2021

Fiscal Year Ended March 2021



acom



Management Vision

Strive to become “the leading company” in the personal loan market, which provides prime satisfaction to the utmost number of customers and wins their trust in return.

- The Three Key Points of Our Management Vision**
- 1 Customers first, which is the basis of our business and a constituent of our corporate philosophy. This also reflects each and every member of ACOM’s intention to provide prime satisfaction to as many customers as possible.
 - 2 Concentrate our management resources to the personal loan market, regardless of the nature of the business segment.
 - 3 Establish a solid brand image of the leading company that can win the trust of the market by further strengthening our reputation for safety and trust.



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Editorial Policy

ACOM publishes an integrated report to provide shareholders, investors, and other stakeholders with information on management policies, business strategies, and medium- and long-term value creation.

Period of this Report

This report pertains to the year ended March 2021 (April 1, 2020—March 31, 2021); however, it also contains some more recent information.

Scope of this Report

This report contains information on ACOM CO., LTD. and its consolidated companies. “ACOM” and “the ACOM Group” (including group companies) refer to ACOM CO., LTD.

Note on Forecasts

Performance forecasts contained within this report are based on the information available at the time of publishing. There are, however, multiple potential risks involved in our business development, and actual results may differ from forecast values due to various factors, not limited to those risks mentioned above.

Information is published as necessary on the website.
<https://www.acom.co.jp/corp/english/>



The Progress of Creative and Innovative Management

The Progress of Creative and Innovative Management

ACOM was founded as “Maruito Gofuku Ten,” a textiles business, in Kobe in 1936. The trade name “Maruito” was chosen because the harmony of warp and weft—elements of the kimono—represents mutual trust. “When one trusts another from the bottom of one’s heart, that trust is reciprocated without fail.” We wish to broaden such trust. These wishes are expressed in our spirit of foundation, “Circle of Trust.” We have inherited this spirit and it has remained unbroken as the basis of our “corporate philosophy” throughout our history of continuous changes.

1936
Founded as a wholesale and retail textiles business under the name “Maruito Gofuku Ten”



1960
Started “Salary-Man Loan,” a type of consumer finance business



1973
Developed a 24-hour automatic cash dispenser

1970
Developed Japan’s first automatic cash dispenser



1979
Began industry-first operation of 24-hour, 365-day service ATMs at the Ginza branch



1978
Foundation of ACOM

1994
Started hosting the MIRU CONCERT MONOGATARI as a means of contributing to society



1993
Installed “MUJINKUN,” the first automatic contract machine in the industry

Listed ACOM stock on the over-the-counter market at the Japan Securities Dealers Association

1999
Began credit card business, the first in the industry

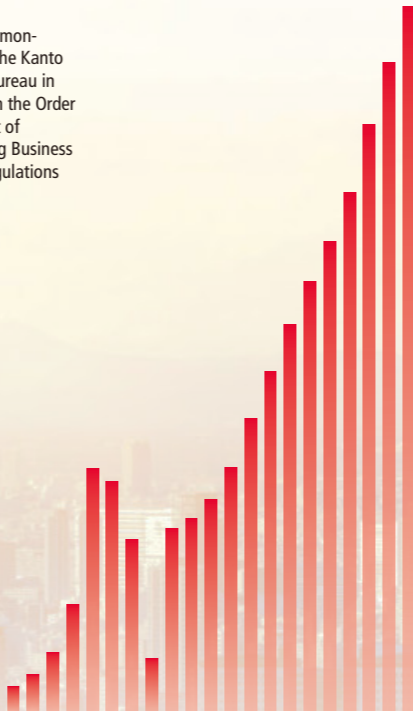


1996
Established “EASY BUY” in Kingdom of Thailand



Listed ACOM stock on the First Section of the Tokyo Stock Exchange

1983
Registered as a money-lender with the Kanto Local Finance Bureau in accordance with the Order for Enforcement of “Money-Lending Business Control and Regulations Law”



2001
Invested capital in “IR Loan Servicing, Inc.” and advanced into the servicing business



Launched Guarantee Business for unsecured loans

2004
Reached an agreement with respect to a strategic business and capital alliance with “MUFG”



2008
Became a consolidated subsidiary of “MUFG”

2007
Lowered the maximum lending interest rate to 18.0% at ACOM

Jointly acquired “Bank BNP” in Republic of Indonesia with “MUFG Bank”

2019
“Bank BNP” in Republic of Indonesia merged with “Bank Danamon” as the surviving company

2017
Established “ACOM CONSUMER FINANCE CORPORATION” in Republic of the Philippines

2013
Established “MU Credit Guarantee”



Landmark events

Beginning of period of economic growth (1954-1973)

Enforcement of “Money-Lending Business Control and Regulations Law”

Main enforcement of Money Lending Business Act
Foundation of Japan Financial Services Association

Bankruptcy of Lehman Brothers

Great East Japan Earthquake

Full enforcement of Money Lending Business Act

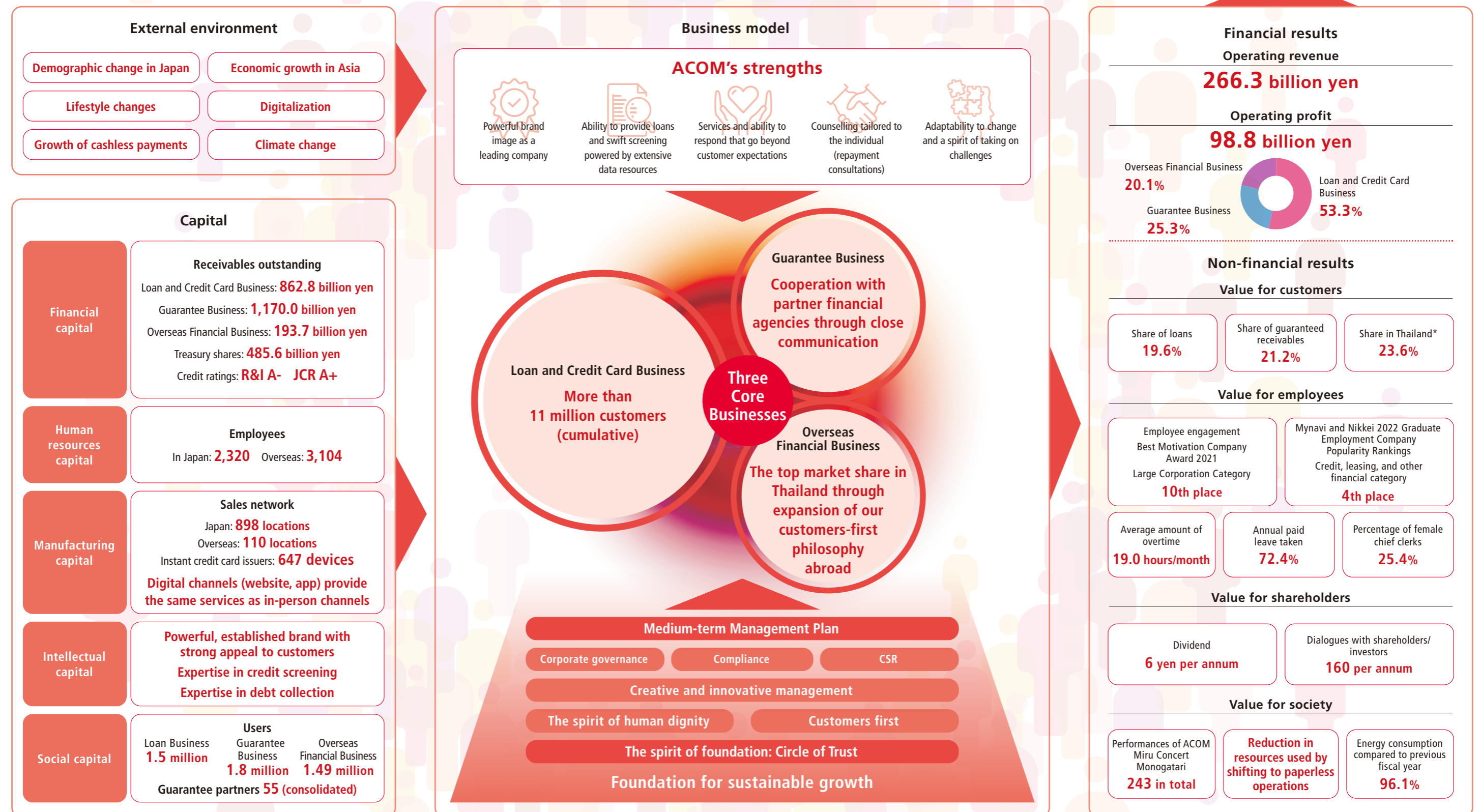
Beginning of “Abenomics”

Japanese Bankers Association announced “Mutual Agreements on Consumer Lending by Banks”

Value Creation Process

Founded on the founding spirit —the Circle of Trust—ACOM is spiritually underpinned by three concepts: the spirit of human dignity, customers first, and creative and innovative management. This forms the foundation that underpins the business activities through which we aim to contribute to the realization of an enjoyable and affluent personal life, and to improving lifestyles.

Goal
To contribute to the realization of an enjoyable and affluent personal life, and to improving lifestyles



* Personal loan market in the Kingdom of Thailand (non-bank category)

Aiming at Ever-Higher Levels of Convenience in Markets All Around the World, Guided by Our “Customers First” Philosophy

Since being appointed President and CEO on June 23, 2021, my—and the Company’s—immediate concern has been staying abreast of developments concerning COVID-19, which continues to wreak havoc and has caused unspeakable suffering for many people worldwide, and doing whatever we can to help the world recover.

Although the pandemic has made the business landscape even more challenging in Japan and around the world, we at the ACOM Group are determined to perform our expected role of providing steadfast support to people throughout society—and the national economy—by ensuring they have access to the funds they need to get by. Indeed, it is our overriding mission to cater to the diverse needs of our customers.

In our business divisions—the Loan and Credit Card Business, Guarantee Business, and Overseas Financial Business—we will harness all our strengths to carry out this mission and earn the trust of our customers in a way conducive to achieving growth alongside our communities.

Masataka Kinoshita
President & CEO

Building a Foundation for Medium-Term Growth

In addition to the changing demographics caused by declining birthrates and aging populations, changing lifestyles resulting from COVID-19 and increasingly severe competition mean the business environment will likely continue to become more challenging. We will leverage our long-standing strengths in consumer finance in Japan and abroad and our expertise in centralization of business and other low-cost operations, and will focus on strengthening sales and service capabilities in the Loan and Credit Card Business, and expanding our Guarantee Business and financial business in Asia in collaboration with the MUFG Group. We are also keen to build a foundation for medium-term growth by expanding investments aimed at responding to society’s digital shift.

As befits an upstanding corporate member of society, we seek to use our business for the collective good, such as by promoting consumer protections, financial literacy, diversity and innovation. Moreover, we pursue a variety of extracurricular activities to invigorate local communities (e.g., concerts with barrier-free access to ensure all are welcome) and tackle environmental issues (e.g., through forest preservation activities). We look forward to developing an extensive range of activities to help society overcome its challenges and achieve sustainability.

Providing Convenient Options for More Customers Worldwide

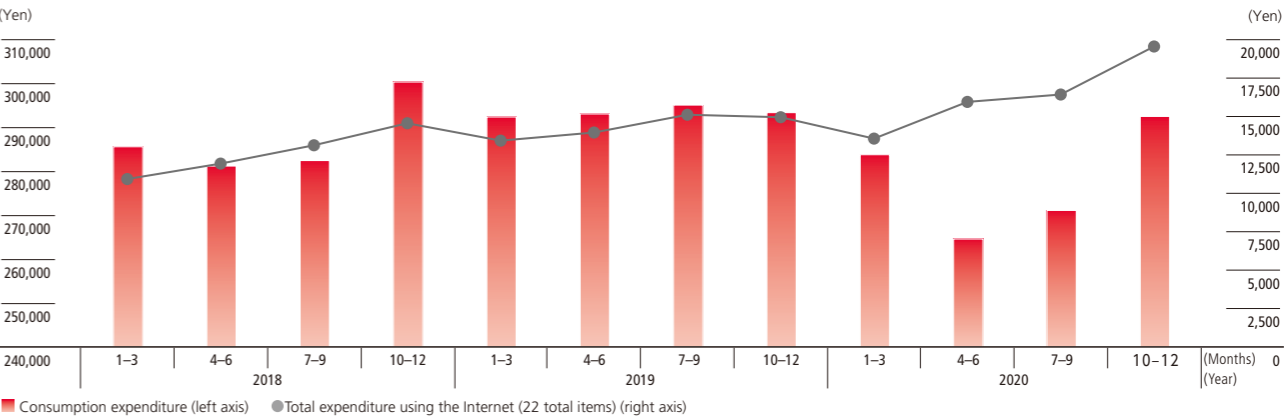
The core of our business is lending cash, but we know that our customers do not borrow money for the sake of borrowing money. Those funds are a means of achieving their real, underlying need: to buy a coveted item or service. They come to us when they do not have the means of paying for those goods or services at hand.

Regardless of whether the payment is in cash by another, cashless, method, the customer’s desire to enjoy the goods or services remains constant. We aim to grow our legions of loyal fans by continuing to offer ever-higher levels of convenience, as illustrated by our pioneering cashless options, such as credit cards and smartphone apps.

We are mindful of the shift in consumer behavior away from buying at brick-and-mortar stores to online shopping, and will endeavor to expand our services to ensure our customers can choose from a full range of convenient options for shopping in comfort.

Today, we operate in Japan, Thailand, and the Philippines, but we are eager to broaden our horizons and seek opportunities in other promising markets where there is potential for us to help consumers access the goods and services they desire.

● Household expenditure and expenditure using the Internet



1. Produced using data from the Ministry of Internal Affairs and Communications’ Survey of Household Economy (two-or-more-person households) and Household Expenditure Survey (two-or-more-person households)
2. The amount of 2018 are those after the fluctuation adjustment

Ingraining the ACOM Philosophy

Saying we aim to provide more convenient options for more customers worldwide is one thing; actually doing it is quite another, and a cohesive effort by our entire workforce is required. To that end, it is vital to ensure there is a shared awareness of what the ACOM Group stands for, the difference we hope to make in the community, and the way in which we strive to meet customers’ needs through our business activities. We believe it is important that every ACOM Group employee should understand these precepts, take them to heart, and act accordingly.

Our corporate philosophy states that, “ACOM, based on the spirit of human dignity and in putting customers first, is contributing to the realization of an enjoyable and affluent personal life, and to improving lifestyles, through creative and innovative management.” Couched within this statement are four key phrases: *the spirit of human dignity, customers first, creative and innovative management, and our raison d’etre, contributing to the realization of an enjoyable and affluent personal life, and to improving lifestyles.*

The spirit of human dignity is a reminder that we must be constantly grateful to all our stakeholders, including customers, shareholders, business partners, and employees, and build close ties based on mutual respect. And we must respect their human rights, circumstances, and privacy, just as we would for ourselves and our loved ones.

Customers first is an acknowledgement that there would be no ACOM without customers, and that we must think and act in ways conducive to a happy customer experience.

Creative and innovative management is an exhortation to seek growth amid rapidly changing market conditions by rejecting preconceptions and striving every day to be a better company than yesterday.

Together, *the spirit of human dignity, customers first*, and creative and innovative management make up what we call the Circle of Trust. This forms the foundation that underpins the business activities through which we aim to *contribute to the realization of an enjoyable and affluent personal life, and to improving lifestyles.*

To ensure our philosophy is fully ingrained throughout the ACOM Group, our Directors hold small-scale discussion sessions (typically with groups of around twenty employees) to ensure everyone not only understands the meanings and sentiments it contains, but that they can also express them in their own words. All group employees attend these discussions, which are deliberately designed to avoid becoming top-down lectures, and instead encourage individual participants to consider and express what, for instance, *creative and innovative management, customers first* mean to them, and what they might have done in the past that contravenes the *spirit of human dignity*. The sessions have proven effective in enabling employees to really take to heart the words they have previously only recognized in abstract. Moreover, I believe that they nurture a deeper sense of belonging to, and working at, the ACOM Group, and thereby make work a more rewarding experience and foster a heightened sense of pride.

Customers First: ACOM’s Devotion to Greater Convenience and Compassion

Changing lifestyles and the resulting shift in customer needs brought about by COVID-19 represent a real change in the business landscape, and we need to update the *customers first* part of our corporate philosophy if our respect for customers and our ability to think and act in ways conducive to a happy customer experience are to keep up with the rapidly changing attitudes and behaviors of the modern age. In the name of *customers first*, we must devote ourselves to providing more convenient and more compassionate services.

In recent years, the digital shift has brought new levels of convenience to the home and the workplace, and consumers have developed a preference for “one-stop shop” services. Nowadays, requirements for telephone contact or submission of documents as part of an online loan request may be considered bothersome. Thus, seamlessness must be a core consideration of our efforts toward greater convenience; we should eliminate from our processes things that may now be onerous to customers who want an entirely digital experience,

and communication must be seamlessly smooth. It is imperative that our customers feel they are being served with the level of speed and attentiveness they need to enable them to fulfil their underlying need, e.g., to buy a coveted item or service. These days, any customer who is made to wait for an hour or two to buy the things they want is likely to just give up in frustration. At present, we are able to decide on a loan application in around 30 minutes, but this process should be timed in seconds—not minutes—and I want all ACOM Group staff to think of it in this way.

However, in seeking those improvements in convenience, we must not lose our human touch, particularly in times like these. We recently heard from a customer that, despite the chaos of the COVID-19 pandemic, other consumer finance companies were insisting that repayments be made on the appointed date—or else! “Only ACOM showed any kind of willingness to be flexible in the circumstances,” the customer said with tears of gratitude. “Thank you, ACOM, for

understanding my predicament, and showing more concern for my welfare than the repayment.”

Sometimes customers struggle temporarily to make their repayments—that’s just how it is. At those times, our policy is to be compassionate and let them know that ACOM is the company they can rely on to be there for them in good times and bad. We do this because we know it is the way to ensure customers become loyal fans. But more than that, it is the embodiment of our *customers first* philosophy, and a hard-won strength of our business that newcomers to the market and start-up platforms cannot emulate. As such, it is imperative that we strive to be more compassionate.



Review of the Fiscal Year Ended March 2021

In the fiscal year ended March 2021, consolidated receivables outstanding decreased to 2,235.1 billion yen (down 5.3% year-on-year) due to the continued stagnation of consumer spending in Japan and around the world caused by the ongoing effects of COVID-19.

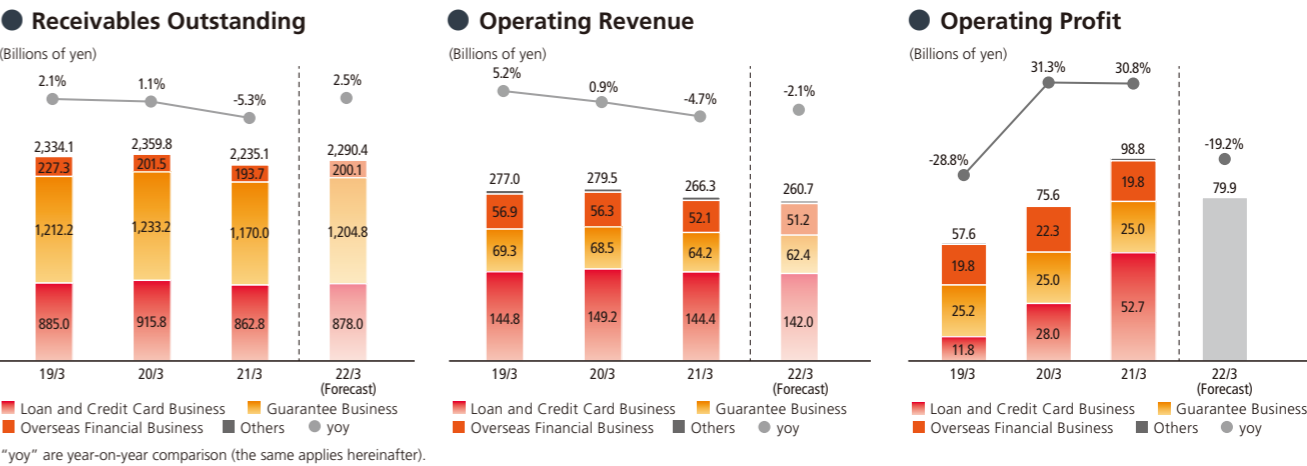
Operating revenue decreased to 266.3 billion yen (down 4.7% year-on-year). This is mainly attributable to decreases in accounts receivable (operating loans and guaranteed receivables), which led to decreases in interest on operating loans and revenue from credit guarantees.

Operating expenses, on the other hand, decreased to 167.4 billion yen (down 17.9% year-on-year) mainly due to decreases in provision of allowance for doubtful accounts resulting chiefly from decreases in accounts receivable (operating loans) and the absence of addition made to provision for loss on interest repayment. As a result, operating profit increased sharply to 98.8 billion yen (up 30.8% year-on-year), and ordinary profits were up across the board. The Group was busy again this year pursuing a variety of policies and measures. Our digitalization efforts continued to

progress with the upgrading of our smartphone app. Development of smartphone-based payment solutions is ongoing as part of our quest to offer a more convenient customer experience.

Meanwhile, robotic process automation continues to make our work processes more efficient, and preparations are underway to further mine the potential of AI, beginning with development of a data analysis platform. Parallel with that, we are training data analysis staff, thus ensuring that we have the human talent needed to extract the full potential from those systems.

Corporate governance is another area of ongoing activity. In order to meet the expectations of stakeholders and build stronger trust, we will strengthen corporate governance as a key management priority. To this end, we will take steps to enhance the soundness, transparency, and efficiency of our operations and achieve sustained increases in our shareholder value. And to bring a diverse range of views into the boardroom, we make a point of appointing people from inside and outside the ACOM Group with broad experience,



deep insights, and proven expertise. We also aim to enable swift decision-making and enhance the Board of Directors’ supervisory functions by allowing the Board to delegate to Directors a significant portion of decision-making regarding material business execution matters. The Board then oversees the progress of the matters it delegates.

To evaluate the efficacy of the Board, ACOM distributes a survey regarding the Board’s effectiveness to all Directors

Our Ongoing Quest for Growth

The contents of the ACOM Group’s next Medium-term Management Plan, which comes into effect in April 2022, has been the subject of lengthy debate by all our corporate officers. Discussion was particularly long and robust regarding the vision for the future—the ACOM “worldview” as it were—we would present to our stakeholders. That process, however, has led to the creation of a clear vision and mid-range policies that pave the way for formulation of the plan.

As part of the process for drawing up the plan, we have

every year, and carefully analyzes and evaluates the results. Over the course of the year ended March 2021, we worked hard and achieved some progress on two main tasks established in the previous year: heightened understanding of outside opinion, and livelier, more in-depth debate by the board and improving the caliber of matters reported to the board. We at ACOM are determined to achieve ongoing improvements to our corporate governance regime.

established 11 working groups with members from different departments, to consider what the plan will say about various strategies. Based on basic policies indicated by management, these groups will discuss potential business, workforce, and CSR and other strategies pertaining to our three core businesses. The plan’s contents will be presented in detail together with the Group’s accounts following the closure of the fiscal year ended March 2022.

Our Commitment to Society

We see our business and extracurricular activities as vehicles for pursuing the collective good including, for instance, helping tackle environmental problems.

At ACOM, we define CSR as using our business and other activities, as guided and informed by our corporate philosophy, to fulfil our responsibilities to society, carry out our mission, and commit to helping achieve sustainability. Based on this approach, we have identified six key social challenges for priority action, and are working hard to find solutions. Here, we examine three of those challenges and our endeavors to overcome them.

● Six Key Social Challenges Identified for Priority Action

Consumer awareness and financial literacy programs	Innovation
Diversity	Invigoration of local communities
Better employment practices	Environmental conservation

We hold consumer awareness and financial literacy programs for university students, and make a point of encouraging vigilance against loan fraud whenever someone applies for a loan or credit card. These initiatives are designed to arm young people with a deeper understanding of the value of money before they head out into the world, and help prevent problems before they arise.

The ACOM Group’s efforts to improve employment practices are based on the conviction that customer satisfaction can only be achieved with a satisfied workforce.

After all, we can only deliver services that satisfy our customers with a smile if our employees have something to smile about. To gauge our progress in raising employee satisfaction, we have an ongoing system of periodic employee surveys, the results of which inform our efforts to get better. Examples of the many improvements made in response to these surveys include expansion of the childcare and family care leave, allowing paid leave to be taken by the hour, and repairs and upgrades of workplace facilities.

These do not mark the end of our efforts—in fact, there is no end; we are constantly thinking of how we can make working at ACOM a rewarding experience, and endeavoring to ensure our workplaces are conducive to our employees’ pursuit of happiness for themselves and their families.

Environmental conservation is also a major focus. Initiatives in this area include reducing the electricity used by our ATMs and shifting to paperless (electronic) formats for some documentation issued to customers. These efforts make a noticeable contribution to our efforts to cut carbon dioxide emissions and reduce deforestation, which are just one part of our program for fighting global warming.

Moving forward, we are devoted to pursuing a robust environmental conservation program. For instance, we plan to enter into agreements with Kanagawa and Osaka prefectures, where our contact centers are located, under which ACOM employees will volunteer to help with forest conservation activities (e.g., thinning and trimming).

Capital Policy and Shareholder Returns

Our basic capital policy is laid out in the Medium-term Management Plan: Aim to increase returns to shareholders while placing top priority on optimizing shareholders’ equity. Similarly, our approach to distributing dividends is stated as: Strive to increase dividends and continuous profit distribution, taking into consideration the Company’s business performance, shareholders’ equity, and the business environment.

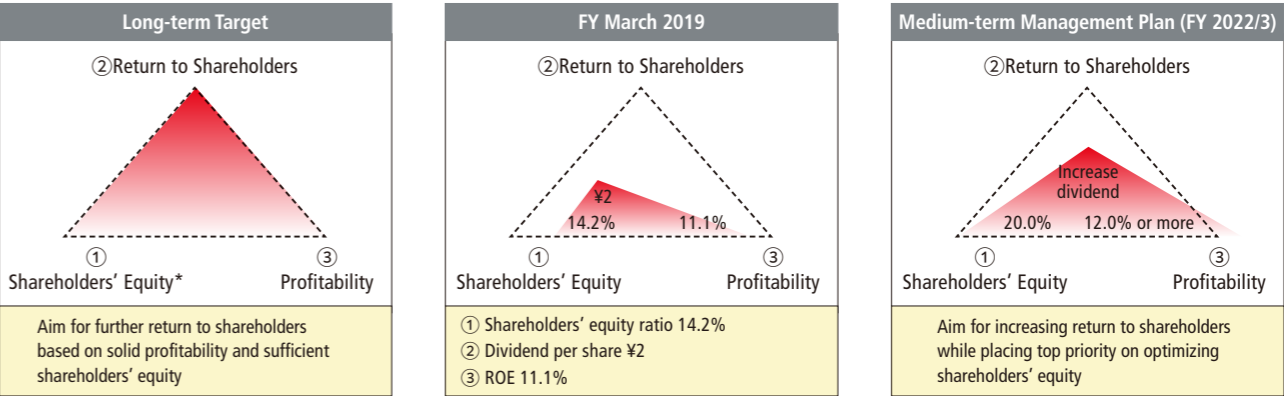
Although we are forecasting an increase in receivables outstanding in the year ending March 2022, we also forecast that revenues will decrease overall on the back of a drop in the average loan balance during the year. Moreover, we are planning for an overall decrease in profits, as we forecast an

increase in provision for bad debts as a result of the upscaling of operations.

Meanwhile, the business landscape is increasingly hard to read as states of emergency are declared and cancelled in response to the ongoing COVID-19 pandemic. And although requests for interest repayments are low in number, some legal service firms continue to issue requests in high volumes and it is prudent for us to keep an eye on those numbers.

As such, we anticipate that the dividend for the fiscal year ended March 2022 will be the same as this year: 6 yen per share, comprising an interim and year-end dividend, each 3 yen per share.

● Basic Capital Policy



*Shareholders’ equity ratio, computed using the sum of consolidated total assets and guaranteed receivables.

● Basic Policy on Dividend Payment

● Aim for enhanced return to shareholders through stable and continuous profit distribution, taking the business environment surrounding the company, shareholders’ equity and our own business performance into consideration.

	FY March 2021 (Results)	FY March 2022 (Forecast)
Business Scale and Performance	Operating revenue decreased mainly due to decreases in receivables outstanding and guaranteed receivables, led by spread of COVID-19. Operating profit increased owing to decrease in provision for bad debts and no addition to provision for loss on interest repayment.	We expect receivables outstanding to shift back to gradual increasing trend. However, we expect decrease in operating revenue and operating profit due to increase in provision for bad debts.
Shareholders' Equity	We recorded a shareholders' equity ratio of 20.3%, computed using the sum of consolidated total assets and guaranteed receivables, owing to decreases in receivables outstanding, etc	We will aim for shareholders' equity ratio of over 20%, computed using the sum of consolidated total assets and guaranteed receivables, while receivables outstanding increases.
Business Environment	The amount of drawdown decreased as initially expected. However, we will need to keep monitoring the trend.	The outlook has been more uncertain due to spread of COVID-19.

In Conclusion

The stagnation in consumer spending triggered by the COVID-19 pandemic has caused the market for personal card loans to shrink, and the outlook for this market remains unclear. We at the ACOM Group are determined, however, to raise our game and offer our customers ever-higher levels of convenience.

In our business divisions—the Loan and Credit Card Business, Guarantee Business, and Overseas Financial Business—we will harness all our strengths to not only carry out this mission in a

way conducive to achieving growth alongside our communities, but also to further solidify our compliance and customer satisfaction foundations and increase our corporate value. Moreover, we will work hard to address the six key social challenges identified for priority action in the name of promoting sustainability.

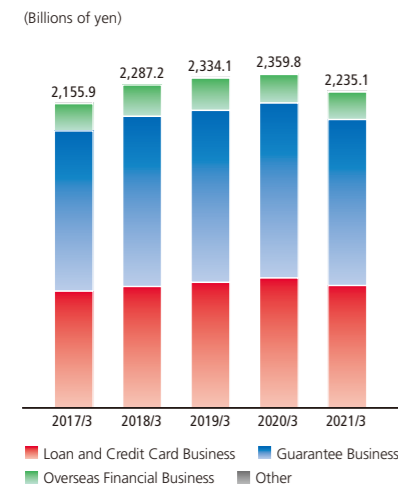
We hope to do all this together with you, our stakeholders, and we look forward to your ongoing support for the ACOM Group.

Financial Highlight

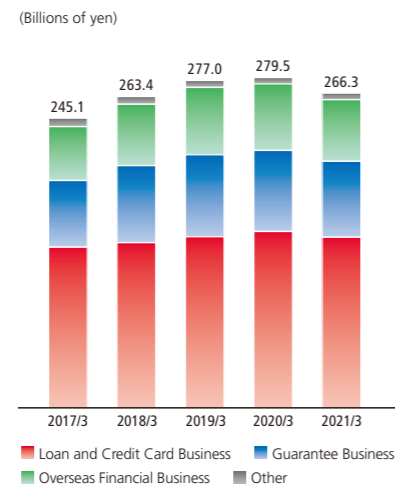
Non-financial Highlight

Financial Highlight / Non-financial Highlight

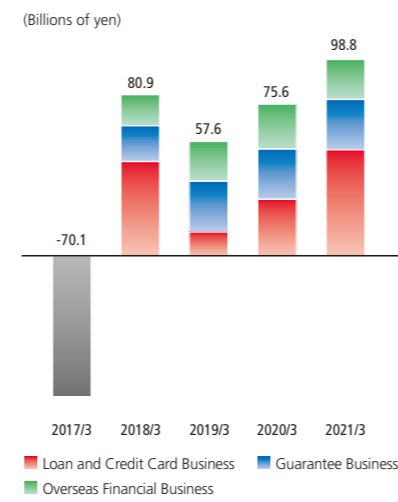
Receivables Outstanding



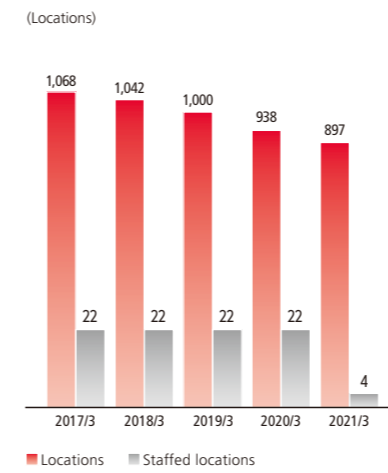
Operating Revenue



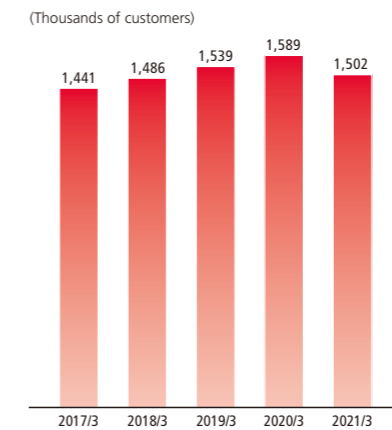
Operating Profit



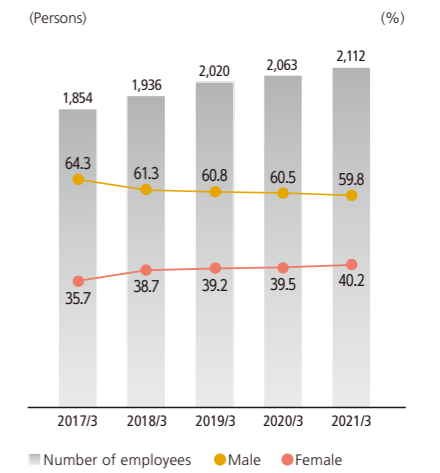
Loan Business Locations



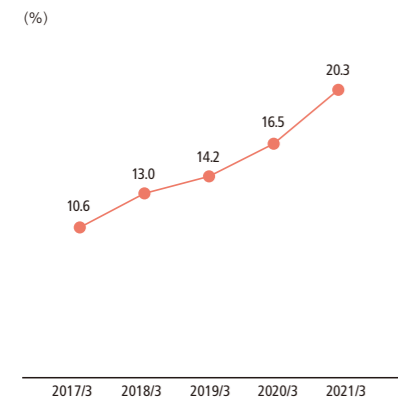
Loan Business Customers



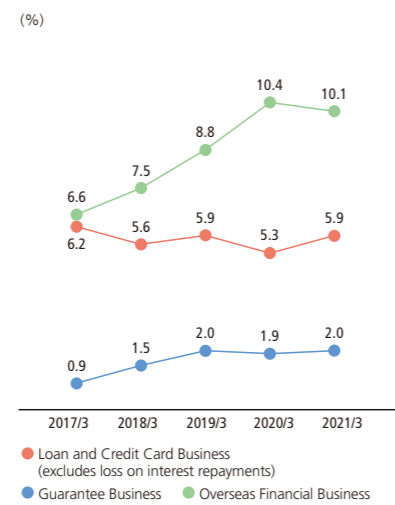
Number of Employees (Ratio of Male and Female Employees)



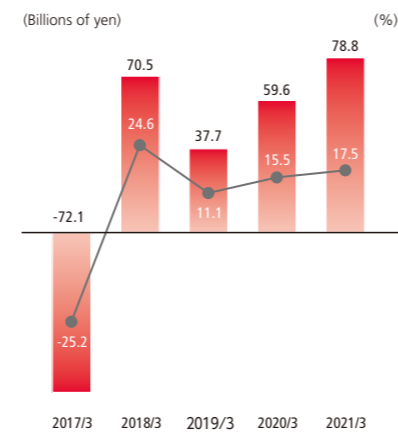
Shareholders' Equity Ratio (includes guaranteed receivables in total assets)



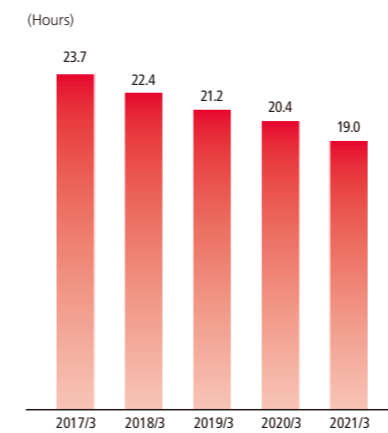
Operating Profit to Receivables Outstanding (ROA)



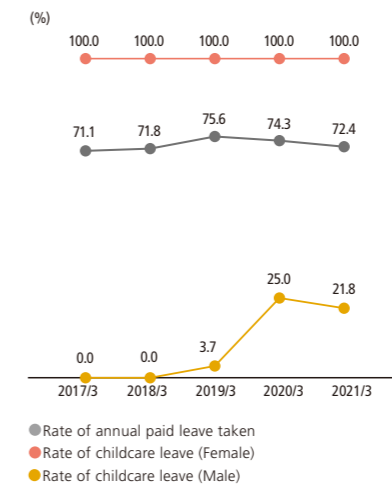
Profit Attributable to Owners of Parent / ROE



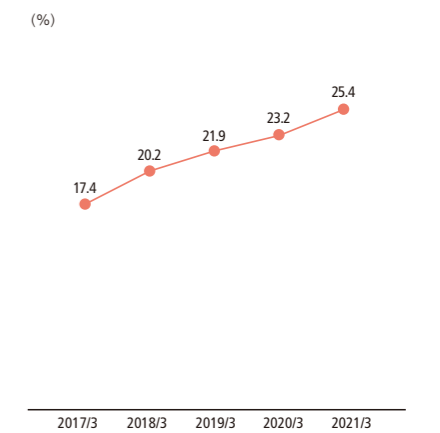
Average Overtime Working Hours



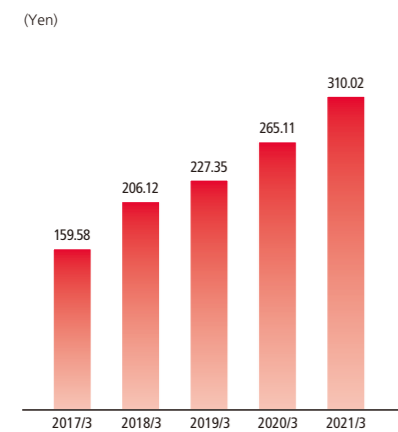
Rate of Annual Paid Leave Taken / Rate of Childcare Leave (Male and Female)



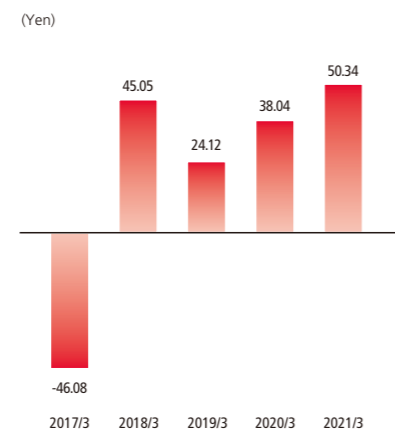
Percentage of Females in Managerial Positions



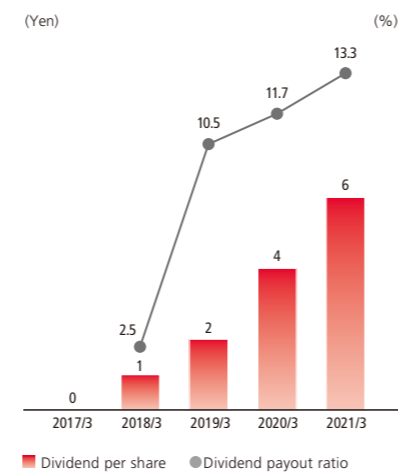
Book-value per Share (BPS)



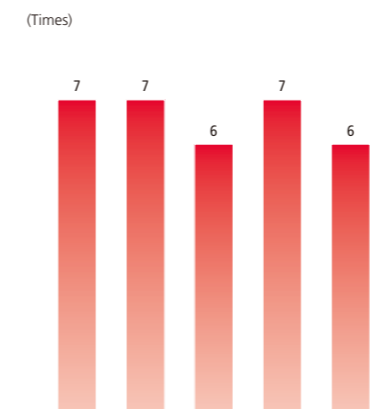
Earnings per Share (EPS)



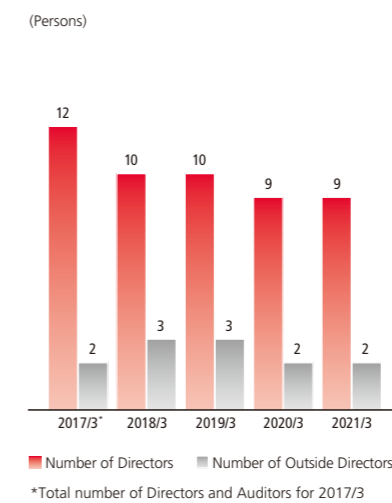
Dividend per Share / Dividend Payout Ratio



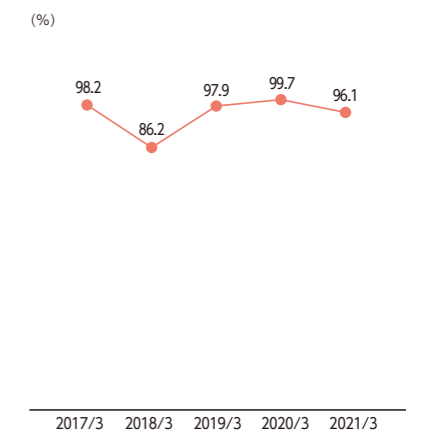
Number of Financial Education Activities



Directors / Outside Directors



Year-on-Year Comparison of Energy Consumption

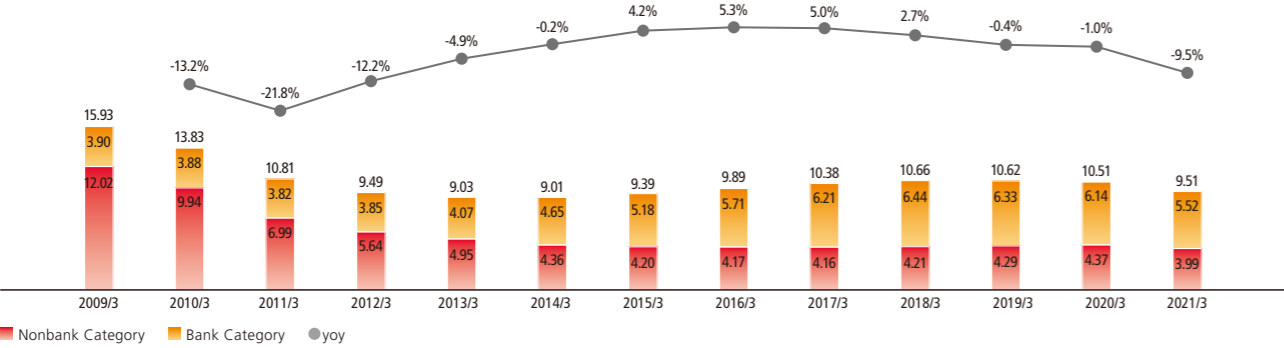


Market / Competition

Trend of Market Volume of Domestic Personal Card Loans

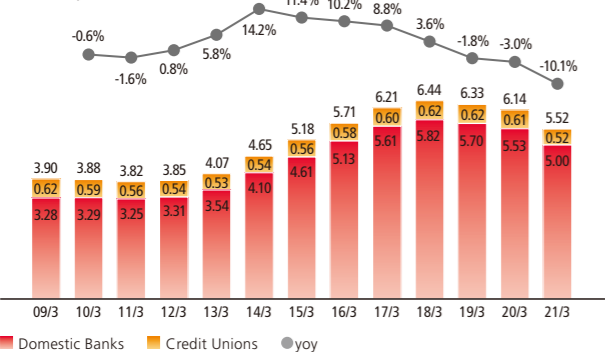
Domestic Personal Card Loan Market

(Trillions of yen)



Bank Category*1

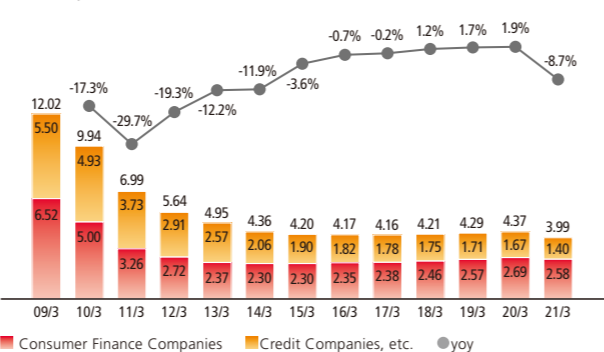
(Trillions of yen)



*1 Bank category refers to the volume of personal card loans provided by domestic banks and credit unions according to statistics from The Bank of Japan.

Non-bank Category*2

(Trillions of yen)



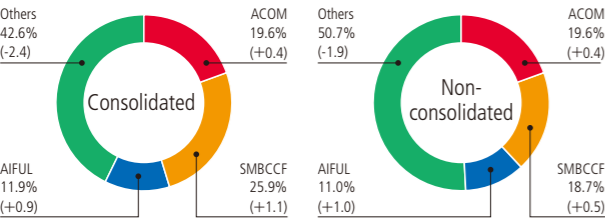
*2 Non-bank category is receivables outstanding (including loans on deeds) according to statistics from the Japan Financial Services Association (JFSA). JFSA's figure for March 2021 is preliminary.

Status of Domestic Competition

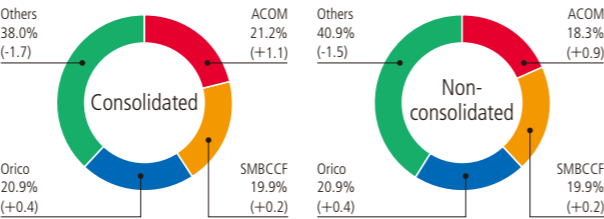
Market Shares in the year ended March 31, 2021

Figures in parentheses are yoy.

Accounts Receivable – Operating Loans (Nonbank Category)



Guaranteed Receivables (Bank Category)



Ratings (as of the end of July, 2021)

	ACOM	SMBCCF	AIFUL
Japan Credit Rating Agency, Ltd.	A+	—	BB+
Rating and Investment Information, Inc.	A-	A+	BB
Fitch Ratings Inc.	BBB+	—	—

Sources: ACOM, Bloomberg, Bank of Japan, Japan Financial Services Association

Segments Report

Under its Management Vision—to strive to become the “leading company” in the personal loan market which provides prime satisfaction to the utmost number of customers and win their trust in return—and by positioning the Loan and Credit Card Business, Guarantee Business, and Overseas Financial Business as its three core businesses, the ACOM Group will endeavor to expand its share of the personal loans market.

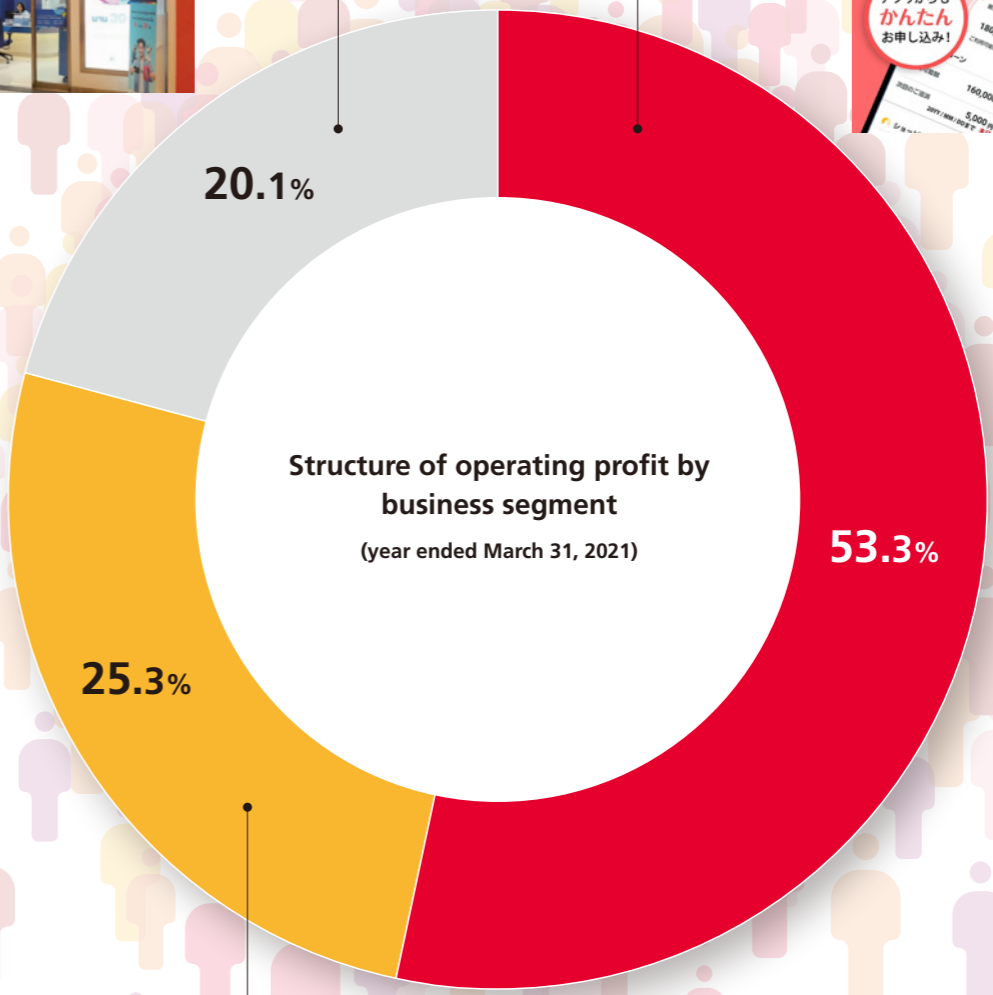
Overseas Financial Business

Has launched financial businesses in Thailand and the Philippines. Aiming for further expansion focused on ASEAN.



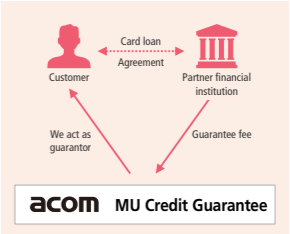
Loan and Credit Card Business

ACOM continues to lead Japan's consumer financial services, placing ultimate priority on meeting diverse customer needs.



Guarantee Business

Expanding Alliance Network. Guarantee Business growing with financial institutions.



Loan and Credit Card Business



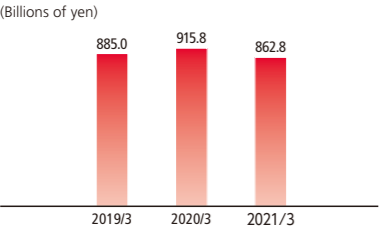
Overview

Our loan business chiefly comprises unsecured small loans to individuals based on credit. We have also had a solid foothold in the credit card sector since 1999, after being licensed to issue Mastercard® credit cards in July 1998.

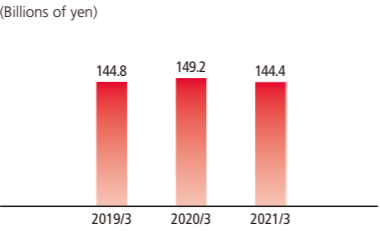
In the Loan and Credit Card Business, we endeavor to incorporate the Five Ss into our operations: Speedy, simple, secret, safe, and self-service.

As a leading company of the consumer finance industry, we endeavor not only to carry out our Five-S-based business model, but also to earn popular support through groundbreaking services and cement our position as the top brand in the non-bank sector.

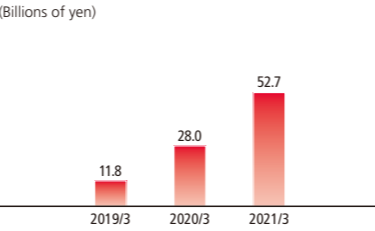
Receivables Outstanding



Operating Revenue



Operating Profit



Strengths

The chief strength of our Loan and Credit Card Business is the wealth of data amassed through business with a cumulative total of more than 11 million customers. Machine learning enables us to analyze that data and develop the latest, most advanced screening insights and expertise. This is what makes our “instant screening” (a decision in as little as 30 minutes) possible, and with diverse channels for customers to sign up, such as automated application booths and, of course, the Internet, we are able to offer credit very swiftly.

What’s more, our network of approximately 650 credit card issuing machines nationwide enables us to offer a degree of service that our competitors cannot, including same-day issue of credit cards in some cases.

Market Environment and Outlook

The market for personal card loans in the non-bank category was worth approximately 4 trillion yen in the year ended March 2021. ACOM’s share of that market was around 20%.

Revisions to the Money Lending Business Act and issues relating to losses on interest repayments led to an ongoing decline in market scale in the non-bank industry, but that trend was reversed in the year ended March 2018, since when it grew at between 1% and 2% per year.

However, as COVID-19 has brought dining out and other leisure activities to a halt, demand for funds has declined sharply, once again causing the market to shrink temporarily. We forecast that, once the pandemic is over, the market will return to a growth trajectory of between 1.5% and 2% per year, and we believe it is possible that ACOM’s receivables outstanding will achieve approximately 3% growth per year.

Initiatives in the Fiscal Year Ended March 2021

In addition to continued targeting of advertising to specific customer demographics and running ads on YouTube, we also launched a Twitter account to further boost recognition and favorability in efforts to attract new customers.

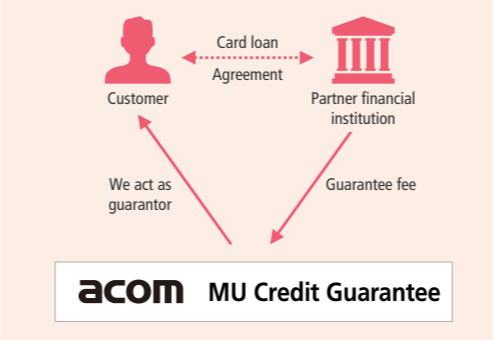
Elsewhere, in an effort to offer our customers a more convenient experience, we continued to implement UI/UX improvements on our website, revamped our smartphone app, and launched a new chat tool, thereby boosting service functionality.

In addition to these marketing activities, we remain committed to sustaining a sound loan portfolio and improving customer service quality. Initiatives included improvements in screening accuracy, as well as workforce development efforts such as credit control training and customer service quality training.

Results in the Fiscal Year Ended March 2021

The drop-off of economic activity amid COVID-19 led to a decrease in demand for funds, which caused a large decrease in new and additional loans. Consequently, receivables

Guarantee Business

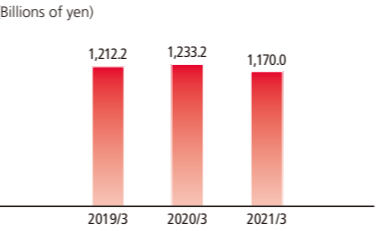


Overview

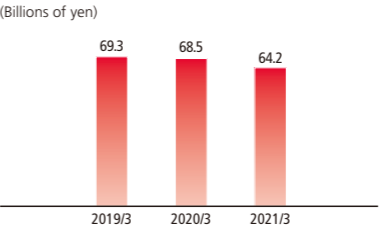
In this segment, we provide credit guarantees, underwriting customers’ repayment of loans taken out with our partner financial institutions. In return, we receive fees based on the outstanding amounts. This is a cooperative business, in which we provide support tailored to each institution’s requirements and work in tandem to achieve growth in loan products. The ACOM Group’s Guarantee Business is centered on ACOM and one of the Group’s consolidated subsidiaries, MU Credit Guarantee.

In May 2001, we initiated a credit guarantee partnership with a bank. Leveraging the wealth of expertise we had amassed through our loan business, we began providing credit guarantees for loans sold by the Hokkaido Bank. Since then, we have worked to broaden our network to include MUFG Bank and major regional banks.

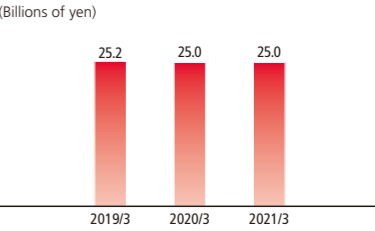
Guaranteed Receivables



Operating Revenue



Operating Profit



Strengths

Our basic strategy in this segment is to partner with one major regional bank in each of Japan’s 47 prefectures. While this prevents cannibalization among regional financial institutions, it also enables us to maintain close partnerships with the financial institutions. We offer detailed support that meets each financial institution’s needs. These include market analysis insights, support for promotions, marketing ideas, and workflow optimization, thus helping to build a competitive advantage. With guaranteed receivables now exceeding 10 billion yen per bank, our credit guarantee business far out-scales those of rival guarantee companies.

In addition, we offer support by seconding expert employees from our loan business to offer technical guidance at partners’ workplaces. To date, more than 150 ACOM employees have made a difference to our partners’ loan product marketing efforts, where their telemarketing know-how and help with advertising have been highly rated.

Market Environment and Outlook

The bank card loan market was worth approximately 5.5 trillion yen in the year ended March 2021. The ACOM Group’s share of that market was more than 20%.

Despite shrinking markets in the non-bank category there was stable growth in the bank category. Market growth figures, however, began to fall under the stricter “voluntary” restrictions surrounding loan criteria and promotions instituted as a result of an agreement announced by the Japanese Bankers Association in March 2017.

As COVID-19 has brought dining out and other leisure activities to a halt, demand for funds has declined sharply, causing the market to shrink further. We forecast that, once the pandemic is over, the market will return to a growth trajectory of between 2% and 3% per year, and we believe it is possible that the ACOM Group’s guaranteed receivables will achieve approximately 3% growth per year.

Initiatives in the Fiscal Year Ended March 2021

We have made a point of deepening communication with existing partners and ensuring no interruptions to correct credit screening during the COVID-19 pandemic. We have endeavored to further strengthen ties by providing analysis insights regarding loan portfolios and advertising effectiveness, as well as a broad range of support for partner financial institutions with a view to improving their business performance and stabilizing growth.

In February 2021, we launched a joint advertising initiative, in which we offer partner financial institutions support for making ads—from talent booking to production—and share use of the resulting materials. Shared advertising has already been tried and proven by the consolidated subsidiary, MU Credit Guarantee: not only is this intrinsically ACOM initiative effective without creating the conditions for cannibalization among our partner financial institutions, but it is also an affordable means for our partners to make ads featuring well-known talent.

Results in the Fiscal Year Ended March 2021

As with the Loan and Credit Card Business, the combined total

balance of ACOM’s and MU Credit Guarantee’s guaranteed receivables in this segment was affected by the decline in demand for funds resulting from the drop-off in economic activity amid the COVID-19 pandemic, ending the year on 1,170.0 billion yen (down 5.1% year-on-year).

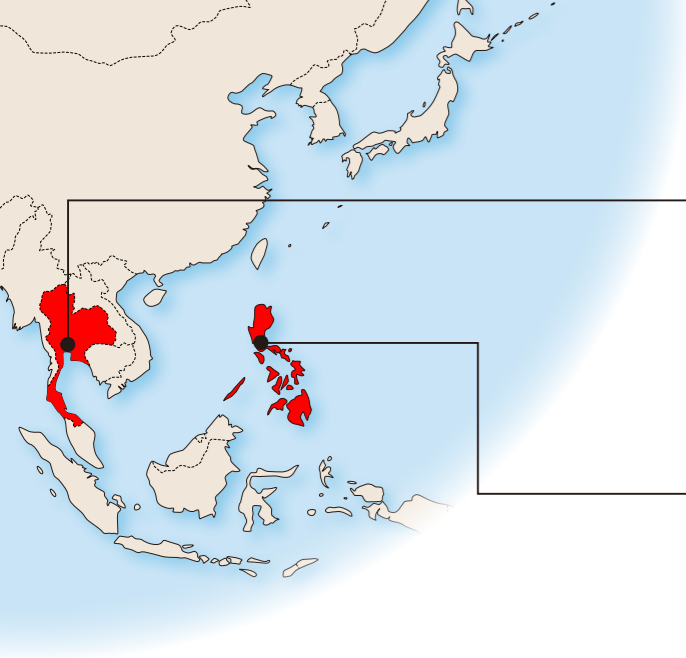
Operating revenue was 64.2 billion yen (down 6.3% year-on-year) mainly due to a decrease in revenue from credit guarantees.

Operating profit was 25.0 billion yen (up 0.2% year-on-year) due to a decrease in provisions for bad debts.

Forecasts for the Fiscal Year Ending March 2022

If vaccinations against COVID-19 progress and restrictions on activity are lifted, we foresee a return to pre-COVID-19 levels of growth, and are planning for guaranteed receivables of 1,204.8 billion yen (up 3.0% year-on-year).

In addition to predicting a decline in average loan balance during the year, we believe that the periodic review of credit guarantee fee rates will result in a lowering of those rates, and thus are planning for operating revenues of 62.4 billion yen (down 2.9% year-on-year).



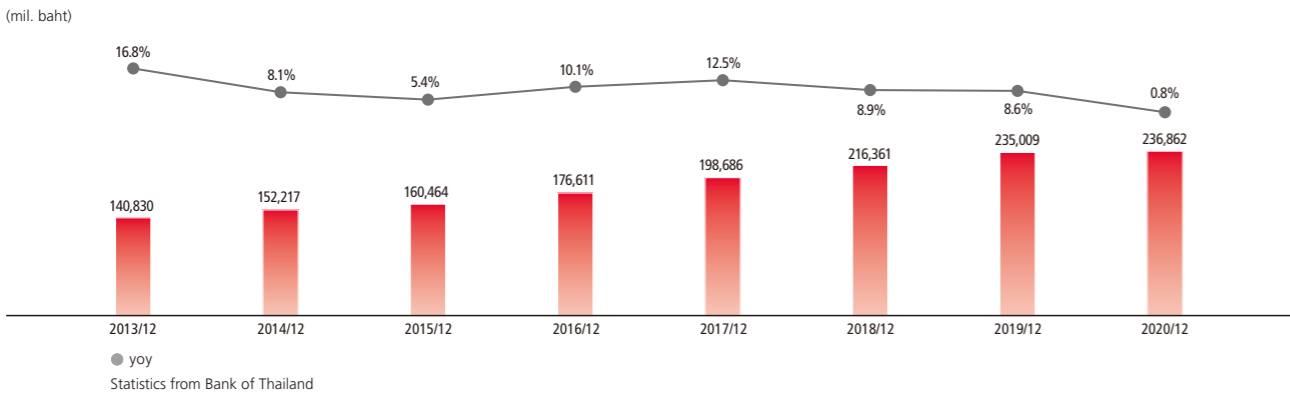
Kingdom of Thailand
EASY BUY Public Company Limited
Main businesses Loan business and installment loan business
No. of employees 2,872
Investment ratio 71.0%

Republic of the Philippines
ACOM CONSUMER FINANCE CORPORATION
Main business Unsecured loan business
No. of employees 232
Investment ratio 80.0%

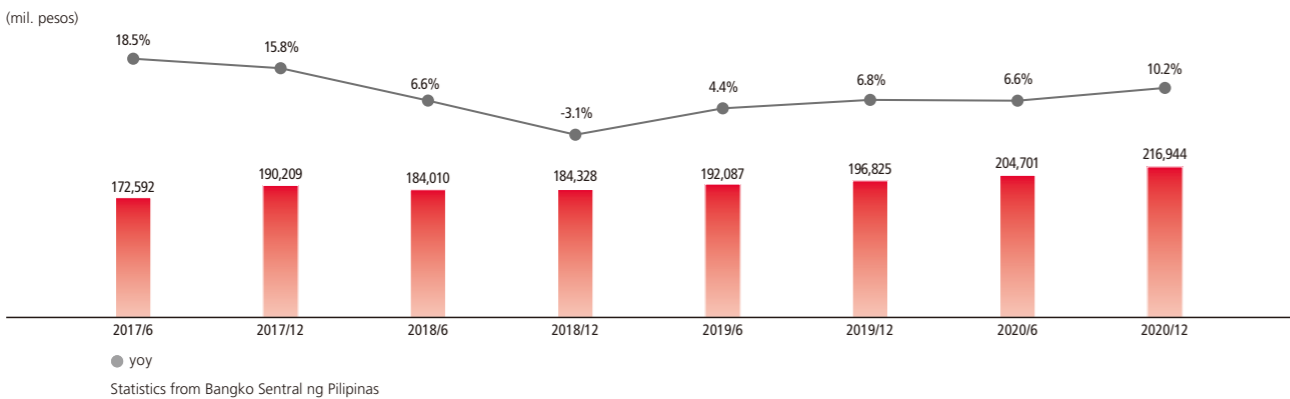
	Thailand	The Philippines	Japan (reference)
Area (km ²)	513,140	300,000	377,975
Population (1,000 ppl)	69,626	108,117	126,167
Main city pop. (1,000 ppl) (Parentheses denote year of survey)	Bangkok (2010) 8,305	Manila (2015) 1,780	Tokyo (2015) 9,273
Avg. annual growth (%)	0.4%	1.5%	-0.2%
Pop. density (ppl. per km ²)	129	358	338
Median age (y.o.)	40.1	25.7	48.7
Nominal GDP (mil. USD)	542,017	359,354	5,148,700
Nominal GDP per capita (USD)	7,785	3,324	40,791
Real growth in nominal GDP (%)	2.4%	5.9%	0.3%

Source: Ministry of Internal Affairs and Communications Statistics Bureau, *Sekai no Tokei 2021* ("World Statistics 2021")

Thailand: Scale of Market for Personal Loans (Non-Bank Category)



The Philippines: Scale of Market for Personal Loans



Overseas Financial Business



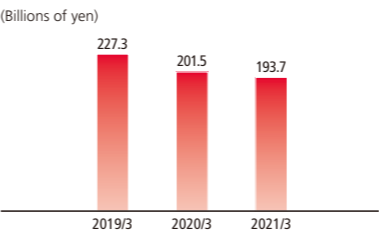
Overview

We established businesses in Thailand and the Philippines with a view to capitalizing on the strong growth of the retail finance sector in ASEAN markets. Those businesses have since grown to account for around 20% of the ACOM Group's operating revenues.

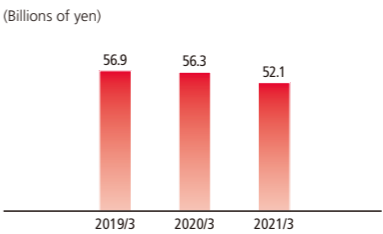
In Thailand, we operate EASY BUY Public Company Limited, a loan provider. Here, we leverage the experience and expertise of our Japanese businesses to offer unsecured personal loans under the Umay+ brand, and financing for installment sales under the EASY BUY brand. EASY BUY's high-quality services, underpinned by its customer-first philosophy, has earned the Company a solid base of customer support.

In the rapidly developing Philippines, we established ACOM CONSUMER FINANCE CORPORATION in July 2017, and began operations a year later.

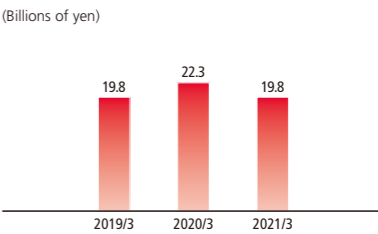
Receivables Outstanding



Operating Revenue



Operating Profit



Strengths

Our strengths are our experience and expertise, not only in the Japanese loan business, but also our more than two decades in the Thai personal loan industry, which has enabled us to win the top share of the local non-bank category. That bedrock of hard-won expertise underpins our expansion into new business sectors in the ASEAN region, as well as our entry into new countries, and allows us to establish a solid operational base relatively quickly.

Market Environment and Outlook

The Thai personal loan market was worth around 400 billion baht (approximately 1,400 billion yen) in the year ended December 2020, of which, the non-bank sector market was worth around 200 billion baht (approximately 700 billion yen). With a share in excess of 20% of the non-bank market, EASY BUY has established itself as the top brand in that sector. Economic stagnation due to COVID-19 has been the main cause of the worsening of the GDP growth rate in Thailand. Although it will be important to continue to keep in mind the nature of the pandemic, including the increasing number of infections, we predict that the non-bank personal loan market will continue unchanged for the time being.

In the Philippines, the market for unsecured personal loans is worth around 200 billion pesos (approximately 450 billion yen). We see potential for growth in this sector as, at present, only a limited number of banks offer unsecured loans and few companies occupy the non-bank space. The balance of loans provided by ACOM CONSUMER FINANCE remains modest at this stage—as the company only began operating in July 2018. For now, we are concentrating on building up a pool of new customers with a view to growing that balance in the future. The company is working hard at marketing in the hope of becoming profitable as soon as possible.

Initiatives in the Fiscal Year Ended March 2021

In Thailand, EASY BUY worked aggressively on the roll-out of its Umay+ brand, with a view to boosting brand image and grow new customer numbers. Initiatives included strengthening the company's capabilities in digital channels, such as by adding a new smartphone app with a "virtual card" function that allows customers to withdraw funds and make deposits into bank accounts without a physical card.

Meanwhile, because the COVID-19 situation in the Philippines is much graver than Japan, ACOM CONSUMER FINANCE invested considerable effort in digital marketing, through channels such as Google and Facebook, and online contracts.

Results in the Fiscal Year Ended March 2021

Receivables outstanding for our Overseas Financial Business were 193.7 billion yen (down 3.9% year-on-year) due to the yen's appreciation against the baht. On a purely local currency basis, however, EASY BUY's receivables outstanding were 56.1 billion baht (up 1.3% year-on-year), and ACOM CONSUMER FINANCE's were 300 million pesos (up 95.3% year-on-year).

Operating revenue was 52.1 billion yen (down 7.4% year-on-year) due to a decrease in interest on operating loans caused by a Bank of Thailand edict lowering EASY BUY's maximum interest rate from 28% to 25% per annum, as well as currency exchange rates and other factors. Operating profit was 19.8 billion yen (down 11.2% year-on-year). Operating revenue and operating expense figures include decreases caused by the removal of PT. Bank Nusantara Parahyangan, Tbk from consolidation last year.

Forecasts for the Fiscal Year Ending March 2022

We are forecasting a steady recovery in receivables outstanding for EASY BUY in light of predictions that Thailand's GDP will grow, and are planning for receivables outstanding of 57.5 billion baht (198.1 billion yen, up 2.5% year-on-year). We are planning for receivables outstanding of 900 million pesos (2 billion yen) at ACOM CONSUMER FINANCE, boosted by a smartphone app that allows customers to complete contract procedures online, as well as an expansion of its booth network.

We are planning for operating revenues of 51.2 billion yen (down 1.8% year-on-year) as a result of the lowering of EASY BUY's maximum interest rate.

Directors and Audit & Supervisory Committee Members



Chairman
Shigeyoshi Kinoshita
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
12 out of 12 (100%)
Conspectus of Corporate Management

April 1973 Joined Marubeni Corporation
April 1978 Joined Japan Consumer Finance Co., Ltd.
December 1980 Joined the Company
February 1983 Director and Chief General Manager, General Affairs Dept. of the Company
May 1984 Director and Chief General Manager, Accounting Dept. of the Company
August 1986 Managing Director of the Company
June 1988 Managing Director and Head of Business Promotion Division of the Company
October 1991 Representative and Senior Managing Director of the Company
October 1992 Representative and Senior Managing Director, and Head of the Loan Sales Division of the Company
October 1996 Representative Director and Deputy President of the Company
June 2000 Representative Director and President of the Company
June 2003 President and Chief Executive Officer of the Company
June 2010 Chairman and President of the Company
June 2021 Chairman of the Company (to present)



Deputy Chairman
Hiroshi Naruse
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
*No data is available as he assumed his position on June 23, 2021.
Supporting Conspectus of Corporate Management, Chairman of Corporate Risk Committee, In charge of Compliance Dept. and Internal Audit Dept.

April 1981 Joined The Mitsubishi Trust and Banking Corporation (MTB)
June 2008 Executive Officer and Executive Assistant Trust Assets Planning Division of Mitsubishi UFJ Trust and Banking Corporation (MUTB)
May 2010 Director, President of Mitsubishi UFJ Global Custody S.A
June 2010 Executive Officer General Manager, System Planning Division of MUTB
April 2011 Representative Director, President of Mitsubishi UFJ Trust Systems Co., Ltd.
June 2011 Managing Director of MUTB
June 2013 Senior Managing Director of MUTB
June 2014 Managing Executive Officer of MUFG
June 2014 Representative Director, President of MU Trust Apple Planning Company, Ltd.
June 2016 Director and Deputy President of MUTB
May 2018 Senior Managing Corporate Executive of MUFG
April 2019 Representative Director, President of The Master Trust Bank of Japan, Ltd.
April 2021 Advisor of The Master Trust Bank of Japan, Ltd.
June 2021 Deputy Chairman of the Company (to present)



President & CEO
Masataka Kinoshita
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
12 out of 12 (100%)
Chairman of Appointment and Remuneration Committee

April 2003 Joined ABeam Consulting Ltd.
September 2005 Joined the Company
October 2009 General Manager, Credit Supervision Division of the Company
January 2010 General Manager, Corporate Planning Dept. of the Company
April 2010 General Manager, Guarantee Business Dept. of the Company
April 2012 General Manager, Business Promotion Dept. of the Company
April 2013 Chief General Manager, Business Planning Dept. of the Company
April 2014 Executive Officer and Chief General Manager, Business Planning Dept. of the Company
June 2014 Executive Managing Officer, Deputy Head of Credit Business Promotion Division and Chief General Manager, Business Planning Dept. of the Company
April 2015 Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company
June 2015 Managing Director of the Company
June 2016 Executive Managing Officer and Head of Credit Business Promotion Division of the Company
June 2016 Executive Managing Officer of the Company
June 2017 Deputy President of the Company
June 2017 Deputy Chief Executive Officer of the Company
June 2021 President of the Company (to present)
June 2021 Chief Executive Officer of the Company (to present)



Director (Outside), Full-time Member of the Audit & Supervisory Committee
Masahide Ishikawa
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
12 out of 12 (100%)
Record of attendance at meetings of the Audit & Supervisory Committee as of the year ended March 31, 2021
14 out of 14 (100%)

April 1978 Joined Meiji Mutual Life Insurance Company
April 2002 General Manager, Financial Affairs Department, Investment Division of Meiji Mutual Life Insurance Company
January 2004 General Manager, Investment Planning & Research Department of Meiji Yasuda Life Insurance Company
April 2005 Managing Director and Managing Operating Officer of Meiji Dresdner Asset Management Ltd.
April 2007 General Manager, Credit Analysis & Investment Risk Management Department of Meiji Yasuda Life Insurance Company
July 2007 Operating Officer and General Manager, Credit Analysis & Investment Risk Management Department of Meiji Yasuda Life Insurance Company
April 2009 Operating Officer and Chief General Manager, Nagoya Marketing Headquarters of Meiji Yasuda Life Insurance Company
April 2010 Managing Operating Officer and Chief General Manager, Nagoya Marketing Headquarters of Meiji Yasuda Life Insurance Company
April 2011 Managing Operating Officer of Meiji Yasuda Life Insurance Company
April 2013 Representative Director and President of Meiji Yasuda Asset Management Company Ltd.
July 2014 Vice Chairman of Japan Investment Advisers Association
July 2017 Vice Chairman of Japan Investment Advisers Association
April 2018 Representative Director and Chairman of the Board of Meiji Yasuda Asset Management Company Ltd.
June 2019 Director, Full-time Member of the Audit & Supervisory Committee of the Company (to present)



Director, Full-time Member of the Audit & Supervisory Committee
Kazuo Fukumoto
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
12 out of 12 (100%)
Record of attendance at meetings of the Audit & Supervisory Committee as of the year ended March 31, 2021
14 out of 14 (100%)

March 1980 Joined the Company
April 2002 General Manager, Corporate Management Dept. of the Company
June 2003 Chief General Manager, Corporate Management Dept. of the Company
October 2005 Executive Officer and Chief General Manager, Corporate Management Dept. of the Company
April 2007 Executive Officer and Chief General Manager, Corporate Planning Dept. of the Company
June 2012 Executive Managing Officer and Head of Credit Business Promotion Division of the Company
June 2013 Managing Director of the Company
June 2015 Executive Managing Officer of the Company
June 2017 Director, Full-time Member of the Audit & Supervisory Committee of the Company (to present)



Director (Outside), Member of the Audit & Supervisory Committee
Takuji Akiyama
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
*No data is available as he assumed his position on June 23, 2021.

March 1982 Joined Tohmatsu & Aoki Audit Corporation (currently Deloitte Touche Tohmatsu LLC)
April 1986 Registered as a certified public accountant
August 2018 Retired from Deloitte Touche Tohmatsu LLC
September 2018 Representative of Takuji Akiyama CPA Office (to present)
February 2019 Auditor (Outside) of IWAKI & CO., LTD. (currently Astena Holdings Co., Ltd.) (to present)
June 2021 Director, Member of the Audit & Supervisory Committee of the Company (to present)



Senior Managing Director
Tomomi Uchida
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
12 out of 12 (100%)

October 1982 Joined the Company
April 2003 General Manager, Business Promotion Dept. III of the Company
October 2005 General Manager, Business Promotion Dept. II of the Company
April 2007 Chief General Manager, Credit Business Management Dept. of the Company
December 2007 Chief General Manager, Marketing Dept. of the Company
October 2008 Head of East Japan Branch of the Company
April 2011 Chief General Manager, Business Promotion Dept. of the Company
April 2013 Executive Officer and Chief General Manager, Business Promotion Dept. of the Company
June 2015 Executive Managing Officer, Deputy Head of Credit Business Promotion Division, and Chief General Manager, Business Promotion Dept. of the Company
April 2016 Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company
June 2016 Executive Managing Officer and Head of Credit Business Promotion Division of the Company
June 2018 Executive Managing Officer, Head of Credit Supervision Division, and Chief General Manager, Credit Supervision Dept. I of the Company
October 2018 Executive Managing Officer, Head of Credit Supervision Division, and Chief General Manager, Credit Supervision Dept. II of the Company
June 2019 Managing Director of the Company
April 2020 Executive Managing Officer and Head of Credit Supervision Division of the Company
June 2021 Senior Managing Director of the Company (to present)
June 2021 Senior Executive Managing Officer and Head of Credit Supervision Division of the Company (to present)



Senior Managing Director
Takashi Kiribuchi
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
8 out of 8 (100%)
*This is data after his assumption of position on June 23, 2020.

March 1982 Joined the Company
April 2004 General Manager, System Dept. of the Company
July 2005 General Manager, Public Relations Dept. of the Company
October 2005 Chief General Manager, Public Relations Dept. of the Company
April 2011 Chief General Manager, Treasury Dept. of the Company
April 2015 Executive Officer and Chief General Manager, Treasury Dept. of the Company
June 2017 Executive Officer and Chief General Manager, Corporate Planning Dept. of the Company
June 2020 Managing Director of the Company, Executive Managing Officer and Chief General Manager, System Development & Administration Division of the Company
April 2021 Executive Managing Officer and Head of System Development & Administration Division of the Company
June 2021 Senior Managing Director of the Company (to present)
June 2021 Senior Executive Managing Officer and Head of System Development & Administration Division of the Company (to present)



Director
Masakazu Oosawa
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
*No data is available as he assumed his position on June 23, 2021.

April 1991 Joined The Mitsubishi Bank, Ltd.
May 2015 General Manager, Europe Planning Division, Europe Headquarters of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
May 2015 General Manager, Europe Control Division of Mitsubishi UFJ Financial Group, Inc.
May 2017 General Manager, Management Planning Division (in charge of special mission) of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
May 2017 General Manager, Management Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.
June 2017 Executive Officer and General Manager, Management Planning Division (in charge of special mission) of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
June 2017 Executive Officer and General Manager, Management Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.
November 2017 Executive Officer, General Manager, Management Planning Division and Co-General Manager, Digital Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.
November 2017 Executive Officer, General Manager, Management Planning Division and Co-General Manager, Digital Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.
May 2018 Executive Officer, General Manager, Digital Planning Division, Co-General Manager, Management Planning Division (in charge of special mission) and Co-General Manager, Financial Planning Division (in charge of special mission) of MUFG Bank, Ltd.
May 2018 Executive Officer, General Manager, Digital Planning Division, Co-General Manager, Management Planning Division (in charge of special mission) and Co-General Manager, Financial Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.
April 2020 Managing Executive Officer and General Manager, Digital Planning Division of MUFG Bank, Ltd.
April 2020 Managing Corporate Executive and General Manager, Digital Planning Division of Mitsubishi UFJ Financial Group, Inc.
June 2020 Member of the Board of Directors, Managing Executive Officer and Co-General Manager, Digital Planning Division of MUFG Bank, Ltd.
April 2021 Member of the Board of Directors, Managing Executive Officer and Unit Head, Digital Service Unit of MUFG Bank, Ltd. (to present)
April 2021 Managing Corporate Executive and Group Head, Digital Service Business Group of Mitsubishi UFJ Financial Group, Inc. (to present)
June 2021 Director of the Company (to present)

Executive Officers

Chief Executive Officer

Masataka Kinoshita Supervisor of All Business Execution

Senior Executive Managing Officer

Tomomi Uchida Head of Credit Supervision Division
In charge of General Affairs Dept., Credit Supervision Dept. I, Credit Supervision Dept. II and Compliance for Credit Supervision Office

Takashi Kiribuchi Head of System Development & Administration Division
In charge of Corporate Planning Dept., System Development Dept., System Operation Dept., System Planning Office and System Management Office

Executive Managing Officer

Masaru Kuroda In charge of Overseas Business Management Dept.
Vice in Charge of Compliance Dept.

Michihito Onodera In charge of Guarantee Business Dept.

Tomoo Shikanoya Chairman of Financial Information Disclosure Committee
In charge of Finance Dept., Treasury Dept. and PR & CSR Dept.

Masashi Yoshiba In charge of Human Resources Dept. and Business Process Management Dept.

Yuji Kinoshita Head of Credit Business Promotion Division
In charge of Business Planning Dept., Business Promotion Dept., East Japan Business Promotion Dept., West Japan Business Promotion Dept. and Compliance for Credit Business Promotion Office

Masatoshi Nabeoka In charge of Corporate Risk Management Dept.
Chief General Manager of Corporate Risk Management Dept.

Executive Officer

Masayuki Sone Chief General Manager of West Japan Business Promotion Dept.

Akihiro Kiyooka Credit Supervision Division (Special Mission)

Hidehiko Shibata Chief General Manager of East Japan Business Promotion Dept.

Masahiko Machida Chief General Manager of Internal Audit Dept.

Hitoshi Yokohama Guarantee Business Dept. (Special Mission)

Takeo Noda Overseas Business Management Dept. (Special Mission)

Basic Policy

The ACOM Group, guided by its lifelong “Circle of Trust” spirit, maintains an ongoing corporate commitment to respecting other people, putting the customer first, and conducting creative and innovative management. Based on this commitment, we are seeking to deepen mutual trust between our stakeholders and ourselves and thus progress in partnership with society.

In order to meet the expectations of stakeholders and build stronger trust, we will strengthen corporate governance as a key management priority. To this end, we will take steps to enhance the soundness, transparency, and efficiency of our operations and achieve sustained increases in our shareholder value.

We recognize that effective internal control systems are essential to creating an appropriate corporate governance framework. Based on this recognition, we are encouraging all members of our organization to join forces in building internal control systems and assuring their effectiveness, under the leadership of the President & CEO. At the same time, we are constantly evaluating, verifying, and improving the effectiveness of internal control mechanisms already in place.

Overview of Current Corporate Governance Structure

The Company has an Audit & Supervisory Committee and aims to enable swift decision-making and enhance the Board of Directors’ supervisory functions by significantly delegating decision-making on material business executions to Directors from the Board of Directors. The Board of Directors, in turn, performs thorough monitoring and other measures on delegated matters.

The Company aims to improve the transparency and objectivity of its management by having an Audit & Supervisory Committee composed mainly of Outside Directors conduct audit and supervisory functions.

The organization established by the Company is as follows.

Board of Directors

The Board of Directors of the Company consists of nine members: President & CEO Masataka Kinoshita who chairs the Board, Shigeyoshi Kinoshita, Hiroshi Naruse, Tomomi Uchida, Takashi Kiribuchi and Masakazu Oosawa, and Members of the Audit & Supervisory Committee Masahide Ishikawa (Outside Director), Kazuo Fukumoto and Takuji Akiyama (Outside Director).

The Board deliberates on and decides important business

management matters, such as management strategies and business planning, and basic policies for building corporate governance and internal control systems, while ensuring objective and rational judgment. Furthermore, the Board delegates decision-making on matters related to the execution of business operations other than matters to be resolved at the Board of Directors to President and Director, and monitors and supervises the execution of duties by thorough monitoring and other measures on delegated matters.

It meets once every quarter in principle, and more as deemed necessary.

Audit & Supervisory Committee

The Audit & Supervisory Committee consists of three members: Masahide Ishikawa (Outside Director) who chairs the Committee, Kazuo Fukumoto and Takuji Akiyama (Outside Director).

Also, two outside Audit & Supervisory Committee Members are appointed, and they have been registered as independent officers based on the rules of the Tokyo Stock Exchange. Furthermore, to improve audit effectiveness, all Audit & Supervisory Committee Member are appointed as Appointed Audit & Supervisory Committee Members with investigative authority based on Article 399-3 of the Companies Act.

In addition, Mr. Kazuo Fukumoto, a Member of the Audit & Supervisory Committee, has served as General Manager of the Company’s Corporate Planning/Management Department and Accounting Department, and as an Executive Officer, and has considerable knowledge of financial affairs and accounting due to his being in charge of the Accounting Department after appointment as a Director.

The Audit & Supervisory Committee, acting in accordance with the resolved audit policy, audit plan, and other relevant guidelines, and in collaboration with the Company’s Internal Auditing Department and other relevant departments, attends the Board of Directors Meeting and other important meetings, receives reports on matters relating to their performance of duties from Directors and employees, etc., requests explanations when necessary, expresses its opinion, inspects important approval documents and so forth, and investigates the situation of business operations and assets at the Head Office and important business sites.

Also, regarding subsidiaries, the committee strives for mutual understanding and exchange of information with each subsidiary’s directors, auditors, etc., and receives reports on business from each subsidiary as necessary. Furthermore, the committee monitors and verifies whether accounting auditors are carrying out proper auditing while maintaining an independent stance, receives reports from accounting auditors on the performance of their duties, requests explanations when necessary, and discusses important matters to be examined from the standpoint of auditing.

Each Audit & Supervisory Committee Member carries out the above auditing activities based on the division of duties specified in the audit plan, and the results are regularly reported to the Audit & Supervisory Committee.

In addition, in the Audit & Supervisory Committee, auditing is carried out by discussing matters stipulated in the Companies Act such as approval of conflicting interest transactions and reelection of accounting auditors, and by paying heed to the development and management of the internal controls system.

Committees

Appointment and Remuneration Committee

The Appointment and Remuneration Committee consists of six members: President & CEO Masataka Kinoshita who chairs the Committee, Representative Directors Shigeyoshi Kinoshita and Hiroshi Naruse, and Members of the Audit & Supervisory Committee Masahide Ishikawa (Outside Director), Kazuo Fukumoto and Takuji Akiyama (Outside Director).

The Appointment and Remuneration Committee reviews and proposes the appointment of candidates and remuneration for Directors (excluding Directors serving as Members of the Audit & Supervisory Committee) for resolution at the Board of Directors Meeting. The Committee also checks the status of training for both management and candidates for management and provides an overview of the same to the Board of Directors.

The Appointment and Remuneration Committee meets three times a year, in principle, and more as deemed necessary.

Compliance Committee

The Compliance Committee consists of seven members: an expert from outside the Company, Tatsuzo Honma, who chairs the Committee, experts from outside the Company Tan Mitchell and Yasunari Takaura, Outside Director Masahide Ishikawa (Member of the Audit & Supervisory Committee) and Representative Directors Shigeyoshi Kinoshita, Hiroshi Naruse and Masataka Kinoshita. The Committee discusses and, as necessary, makes recommendations to the Board of Directors about the following compliance-related matters.

- Items relating to formulation, revision or abolishment of the ACOM Group Code of Ethics and Code of Conduct;
- Important items related to establishment and operation of compliance systems;
- Items relating to formulation of basic plans;
- Items relating to the correction of major violations, actions for improvement and recurrence prevention measures; and
- Important items related to other compliance issues.

The Compliance Committee meets six times a year, in principle, and more as deemed necessary.

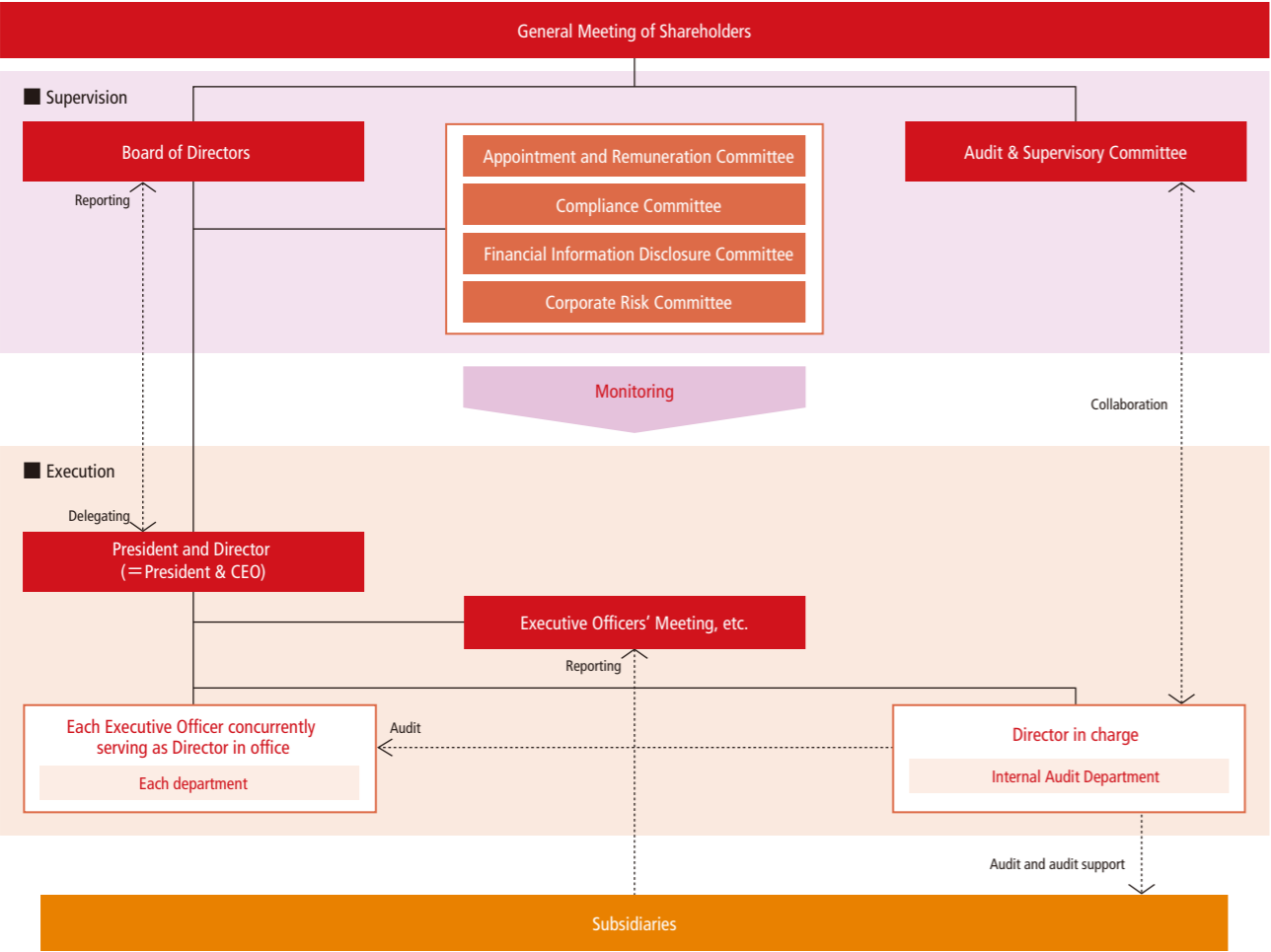
Financial Information Disclosure Committee

The Financial Information Disclosure Committee consists of eleven members: an Executive Officer who concurrently serves as Director in charge of the Treasury Department, Tomoo Shikanoya who chairs the Committee, Executive Officers who concurrently serve as Directors in charge of the relevant departments, Tomomi Uchida, Masatoshi Nabeoka and Takashi Kiribuchi, and Chief General Managers in charge of the relevant departments, Akifumi Kinoshita, Hiroko Shioiri, Masamitsu Iwamura, Kazuki Morishita, Masahiko Machida, Takashi Okamoto and Daishi Haraguchi.

In the presence of Members of the Audit & Supervisory Committee, the Committee deliberates in advance the items related to the improvement of the financial disclosure system and the financial information to be disclosed for resolution at the Board of Directors Meeting, in order for the disclosure of the financial information and internal control of financial reports to be made in accordance with the relevant laws in a timely and appropriate manner.

The Financial Information Disclosure Committee meets at least once every quarter, in principle, and more as deemed necessary.

Diagram of Corporate Governance System (as of June 23, 2021)



Composition of Committees (◎: Chairperson ○: Member)

Name	Position	Board of Directors	Audit & Supervisory Committee	Appointment and Remuneration Committee	Compliance Committee	Financial Information Disclosure Committee	Corporate Risk Committee	Executive Officers' Meeting
Shigeyoshi Kinoshita	Chairman	○		○	○		○	○
Hiroshi Naruse	Deputy Chairman	○		○	○		◎	○
Masataka Kinoshita	President & CEO Chief Executive Officer	◎		◎	○		○	◎
Tomomi Uchida	Senior Managing Director Senior Executive Managing Officer	○				○		○
Takashi Kiribuchi	Senior Managing Director Senior Executive Managing Officer	○				○		○
Masakazu Oosawa	Director	○						
Masahide Ishikawa	Outside Director, Full-time Member of the Audit & Supervisory Committee	○	◎	○	○		○	
Kazuo Fukumoto	Director, Full-time Member of the Audit & Supervisory Committee	○	○	○			○	
Takuji Akiyama	Outside Director, Member of the Audit & Supervisory Committee	○	○	○			○	
Masaru Kuroda	Executive Managing Officer							○
Michihito Onodera	Executive Managing Officer							○
Tomoo Shikanoya	Executive Managing Officer					◎		○
Masashi Yoshiba	Executive Managing Officer							○
Yuji Kinoshita	Executive Managing Officer							○
Masatoshi Nabeoka	Executive Managing Officer					○	○	○
Tatsuzo Honma	Expert from outside the Company				◎			
Tan Mitchell	Expert from outside the Company				○			
Yasunari Takaura	Expert from outside the Company				○			

Corporate Risk Committee

The Corporate Risk Committee consists of seven members: Deputy Chairman Hiroshi Naruse, who chairs the Committee, Representative Directors Shigeyoshi Kinoshita and Masataka Kinoshita, Members of the Audit & Supervisory Committee Masahide Ishikawa (Outside Director), Kazuo Fukumoto and Takuji Akiyama (Outside Director), and an Executive Officer who concurrently serves as Director in charge of the Corporate Risk Management Department, Masatoshi Nabeoka.

The Corporate Risk Committee discusses important items related to risk management and makes proposals and reports to the Board of Directors as deemed necessary. The Committee also monitors the status of risk management and other matters and reports the results to the Board of Directors.

The Corporate Risk Committee meets at least once every quarter, in principle, and more as deemed necessary.

Executive Officers’ Meeting

The Executive Officers’ Meeting consists of eleven members: President & CEO Masataka Kinoshita, who chairs the committee, Representative Directors Shigeyoshi Kinoshita and Hiroshi Naruse, and Executive Officers who serve concurrently as Directors Tomomi Uchida, Takashi Kiribuchi, Masaru Kuroda, Michihito Onodera, Tomoo Shikanoya, Masashi Yoshiba, Yuji Kinoshita and Masatoshi Nabeoka.

In the presence of Members of the Audit & Supervisory Committee, the Executive Officers’ Meeting discusses and makes decisions related to the execution of important business

Reasons for Appointment of Outside Directors

Name	
Masahide Ishikawa	Mr. Ishikawa has extensive knowledge and experience cultivated in the financial world over many years, and a track record as a manager. Also, he has served a total of two times as Vice Chairman of the Japan Investment Advisers Association and has wide-ranging insight. It was determined that he is capable of providing supervision and appropriate advice for the Company's management, with an outside perspective based on his knowledge and experience, and thus he was appointed as an Outside Director serving as a Member of the Audit & Supervisory Committee.
Takuji Akiyama	Due to his record as a certified public accountant for many years, and in light of his sophisticated expert knowledge and extensive experience relating to financial and account auditing operations, it was decided that Mr. Akiyama is capable of monitoring and auditing the Company's management from a neutral and objective standpoint, and thus he was appointed as an outside director serving as a Member Outside Director serving as a Member of the Audit & Supervisory Committee.

operations delegated by the Board of Directors to the President and Director, and deliberates on management policies and management plans in advance for resolution at the Board of Directors Meeting in accordance with basic policies determined by the Board of Directors.

The Executive Officers’ Meeting assembles three times a month, in principle, and more as deemed necessary.

Evaluation of effectiveness of the Board

The Company distributes surveys regarding the effectiveness of the Board to all Directors every year. It then conducts analysis and evaluation on effectiveness of the Board based on the results of surveys.

This year too, through abovementioned analysis and evaluation, the Company confirmed that the Board fulfills each and all of its functions in formulation of management strategies and targets, settling management challenges, and supervision of risk management and executives. Thus, the Company concluded that its current Board functions properly and its effectiveness is ensured.

Moreover, the Company assessed that it has made a certain level of advancements on issues recognized in the previous year, such as further deepening awareness of external opinions, stimulating more active discussion at Board meetings, and raising the sophistication of matters reported at Board meetings.

Meanwhile, the Company recognized that reorganizing the Board agenda and further raising the sophistication of Board meeting materials are issues, and the Company will strive for improvement on these issues going forward.

While the Company will operate the Board of Directors in the manner described below, the Company will sustain periodic analysis and evaluation on the effectiveness of the Board and continue its efforts to ensure enhanced effectiveness of the Board.

- (1) The Board will decide material business management matters, such as management strategies and business plans, while ensuring objective and rational judgment, and will also determine basic policies for building corporate governance and internal control systems. The Board will monitor and supervise the execution of duties.
- (2) Material subjects will be exhaustively selected as agendas based on regulations for matters to be resolved by the Board, provided in the rules of the Board of Directors. The Board will discuss such selected material in a timely and appropriate manner.
- (3) The Company will distribute materials to be used at the Board prior to the meeting to make it efficient and vigorous. Prior explanations will be given when deemed necessary.
- (4) The Board will receive periodic reports on business management, etc., and supervise business execution.

Remuneration of Officers

Decision policies relating to the specifics of remuneration for individual Directors (excluding those who are Audit & Supervisory Committee Members) are decided by the Board of Directors. Generally speaking, the benchmark for remuneration of Directors (excluding those who are Audit & Supervisory Committee Members) is the remuneration level at companies with the same business scale as the Company, and belonging to a related industry type or category, and the remuneration system is structured to adequately function as an incentive for continually improving corporate value. Remuneration for individual Directors is provided only monetarily, and remuneration for full-time Directors (excluding those who are Audit & Supervisory Committee Members) consists of basic remuneration and performance-based remuneration, while remuneration for part-time Directors consists only of basic remuneration. Basic remuneration is fixed remuneration paid every month, and

Status of Attendance at Board of Directors and Committees in the Fiscal Year Ended March 2021

	Board of Directors	Appointment and Remuneration Committee	Compliance Committee	Financial Information Disclosure Committee	Corporate Risk Committee	Audit & Supervisory Committee
Number of meetings held	12	3	6	8	4	14
Attendance rate of all Directors	100%	100%	100%	95.8%	100%	100%
Attendance rate of Outside Directors	100%	100%	100%	—	100%	100%

(Note) The above table includes one Director (excluding those who are Audit & Supervisory Committee Members) who retired at the end of his term of service, at the conclusion of the 43rd General Meeting of Shareholders held on June 23, 2020.

performance-based remuneration is variable remuneration paid once a year based on performance.

Regarding basic compensation for Directors (excluding those who are Audit & Supervisory Committee Members), the Appointment and Remuneration Committee reviews and proposes an amount suited to the Director’s position, taking into account levels at other companies, performance at the Company, employee salary levels, and so on, and then a decision is made by the Board of Directors. For performance-based remuneration, the basic funds for distribution are calculated using as an index the net income attributable to owners of the parent. The Appointment and Remuneration Committee reviews and proposes an amount suited to the Director’s position and personal evaluation, etc., and a decision is made by the Board of Directors.

The guideline for performance-based remuneration as a percentage of total remuneration is roughly 20% (when performance-based remuneration is the standard amount). The reason for selecting an index (net income attributable to owners of the parent) relating to performance-based remuneration for full-time Directors (excluding those who are Audit & Supervisory Committee Members) is because first, in light of the fact that non-payment of dividends continued up to the interim dividend of the fiscal year ended March 2018, an objective, transparent remuneration system was adopted linked with performance over a single fiscal year for full-time Directors (excluding those who are Audit & Supervisory Committee Members). Also, regarding the method of determining the amount of performance-based remuneration, the range of net income for the year which serves as the standard for basic funds for distribution is determined by the Appointment and Remuneration Committee while taking into account special factors such as increases in the future tax burden due to the net income for the year, and extraordinary income or loss, and then the amount is determined by the Board of Directors by multiplying a multiplier commensurate

with the position-specific distribution ratio and personal evaluation of the Director with the basic funds for distribution.

Also, a target for the performance-based remuneration index has not been set for the fiscal year ended March 2021, but in terms of track record, in the past there have been basic funds for distribution of ¥45 million for a range of ¥70 – 80 billion net income for the year serving as a basis.

Other specifics relating to remuneration of Directors are reviewed and proposed by the Appointment and Remuneration Committee, and decided by the Board of Directors. Also, the amounts of remuneration for Audit & Supervisory Committee Members are determined through discussion by the Audit & Supervisory Committee Members, taking into account the duties and responsibilities of Audit & Supervisory Committee Members. The maximum limit on remuneration of Directors (excluding those who are Audit & Supervisory Committee Members) was resolved to be ¥400 million (not including salary for the employee portion) per year at the 40th General Meeting of Shareholders held on June 22, 2017, and the number of Directors (excluding those who were Audit & Supervisory Committee Members) at the conclusion of said General Meeting of Shareholders was six. Also, at that same General Meeting of Shareholders, the maximum limit on remuneration for Directors who are Audit & Supervisory Committee Members was resolved to be ¥100 million per year, and the number of Directors who were Audit & Supervisory Committee Members at the time of said General Meeting of Shareholders was four. In determining the specifics of remuneration for individual Directors for the fiscal year ended March 2021, the Appointment and Remuneration Committee conducts reviews and makes proposals based on factors such as the position and evaluation of the Director, within the scope of the remuneration limit approved at the General Meeting of Shareholders. A decision is then made by the Board of Directors while respecting the specifics of that proposal, and it is determined that the specifics follow the decision policy.

Total amount of remuneration by officer category, total amount of remuneration by type, and number of applicable officers

Officer category	Total amount of remuneration (million yen)	Total amount of remuneration by type (million yen)			Number of applicable officers
		Fixed remuneration	Performance-based remuneration	Retirement benefits	
Directors (excluding Audit & Supervisory Committee Members and Outside Directors)	187	148	39	—	7
Audit & Supervisory Committee Members (excluding Outside Directors)	20	20	—	—	1
Outside Officers	37	37	—	—	2
Total	245	205	39	—	10

(Notes) 1. There are no employees serving concurrently as Directors.
2. The “number of applicable officers” is indicated as the total number of persons.

Board of Directors Support System

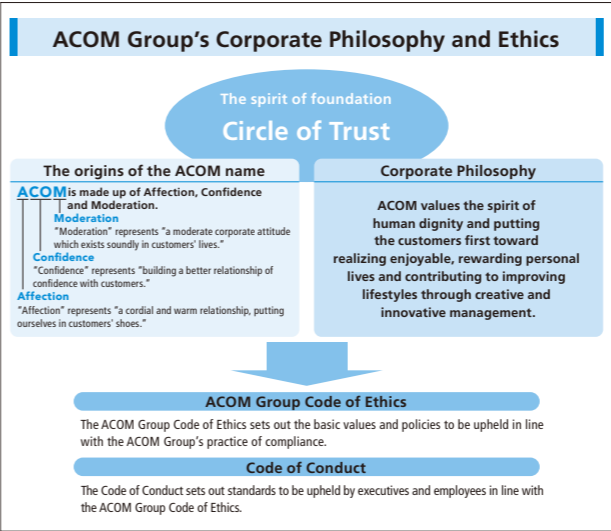
When holding a meeting of the Board of Directors, as a rule meeting materials are distributed and an explanation is provided by the day before the meeting. Also, as a system for supporting the duties of Outside Directors who are Members of the Audit & Supervisory Committee, we have established an Audit & Supervisory Committee Secretariat,

and assigned employees to assist their duties. The employees who assist the Audit & Supervisory Committee work exclusively to assist the Audit & Supervisory Committee and do not take instructions from Directors (excluding those who are Audit & Supervisory Committee Members) or other organizations involved in execution of operations.

Compliance

Compliance Activities in Practice

The Company regards compliance as one of its most significant management challenges. It has been the forerunner in the industry to thoroughly practice compliance as shown by its establishment of “ACOM’s Ethical Codes for Business” (currently the ACOM Group Code of Ethics and Code of Conduct) in 1998.



ACOM Group
Code of Ethics and Code of Conduct

Compliance System

The Compliance Department is in place to supervise company-wide practice of compliance. It is also in charge of: developing, reviewing and follow-ups of implementation plans with regard to abiding to relevant laws and regulations; establishing, updating and dissemination of a compliance handbook which summarizes laws and regulations employees must abide by; awareness raising through implementation of various training courses; and responding to reports and requests for consultations from executives and employees made to the Ethics Hotline.

Also, “Compliance Offices” have been placed in the Credit Business Promotion Division and the Credit Supervision Division. These offices collaborate with the Compliance Department to provide a system for enforcing more task-relevant compliance practices on sites.

Furthermore, we have established a Compliance Committee whose operations are centered around experts from outside the Company, and by adopting a framework of deliberating items that are important for establishing and strengthening the compliance system, the Committee strives to ensure effectiveness of compliance.

As outlined above, ACOM is engaged in a continuous challenge to strengthen its structure to establish a corporate culture that emphasizes compliance while further improving each and every employee’s awareness.

Ethics Hotline (Whistleblowing)

The Company has established an Ethics Hotline as a contact point for executives and employees to report and consult when they recognize violations or possible violations of compliance. The Ethics Hotline aims to prevent scandals and minimize the impact and damage caused by them through early detection of internal problems regarding compliance and appropriate corrective measures. The Ethics Hotline strictly prohibits unfair treatment and acts of retaliation for inquiries and consultations made, as well as disadvantageous behaviors such as searching for and identifying the reporter/consultant. Moreover, it thoroughly manages information. We are working to improve the usefulness and reliability of the entire whistleblowing system, including the Ethics Hotline, so that it is easier for executives and employees to use.

Our Ethics Hotline has been certified as conforming to the “Guidelines for Private Enterprises Regarding the Development and Operation of Internal Reporting Systems Based on the Whistleblower Protection Act.” It was registered under the “Internal Reporting System Certification (Self-Declaration Registration System)” under the jurisdiction of the Consumer Affairs Agency On April 17, 2020.



Action to Strengthen Financial Crime Countermeasures

There are demands for financial institutions to further sophisticate their countermeasures against money laundering and terrorist financing amid the increasing threat of organized crime, terrorism, etc. in the international community.

Under such circumstances, the Company newly established a Financial Crime Prevention Office in April 2019 and strives to build a preventive system on money laundering and terrorist financing to prevent illicit activities involving our products and services.

Development of Risk Management System

As the management environment surrounding the Company changes, risks to be managed are becoming more complex and diverse. Under such circumstances, the Company recognizes that one of the most important tasks of the management is to enhance and strengthen the Company's risk management system in order to fully recognize risks, maintain the soundness of management, and stably secure profitability and growth. The Company has established the Risk Committee to comprehensively control risks and clarify basic matters concerning risk management, such as risks to be managed and departments and sections in charge of risk management in the Risk Management Regulations, while comprehensively controlling and uniformly managing potential risks arising in execution of operations at the Corporate Risk Management Department, which comprehensively controls risks, in order to further enhance and strengthen the Company's risk management system.

In addition, with respect to the management of information assets, such as personal information, the Company, in compliance with its information security management regulations, implements a variety of countermeasures, such as appropriate safety management measures, against potential risks, and strives to ensure information security organically and systematically by appointing information security management officers, and deciding the roles of each organization and each executive and employee.

Risks Related to Business

The main items related to business risks are listed below. They are considered to possibly pose a risk to the business of the Group based on the assumptions and views based on the information we understand.

However, the risks described below may not cover all potential risks. Moreover, new risks may arise as a result of various uncertain factors, such as future changes in economic trends and environmental conditions affecting the consumer credit market. Also, if a matter that does not necessarily fall under such risk factors is regarded as important for the investment decisions of investors, it is disclosed below based on the principle of active disclosure of information to investors.

Regarding the COVID-19 pandemic

There are risks of further downward swings in the economy both inside and outside Japan due to the effects of the COVID-19 pandemic. The Group may be affected in connection with the matters described below.

- Reduction in our Loan and Credit Card Business balance, Guarantee Business balance, and operating revenue due to temporary closures of staffed shops and shorter operating hours of automatic contract machines, contraction of some operations due to reconsideration of business days and hours of call centers and the like, and lower fund demand attributable to factors such as refraining from going out.

- An increase in expenses relating to doubtful accounts due to worsening of the receivables situation driven by factors such as the reduced income of customers.

Financial results

The business performance of the Group may be influenced by changes, fluctuations and modifications - and the degree of these - in each of the items 1) to 9) listed below.

- Increase or decrease in the number of customer accounts and average loan balance per customer account
- Changes in judicial rulings and legal regulations applicable to the consumer finance industry
- Changes in average contracted interest rates received from customers
- Changes in number of requests for interest repayment, as well as amounts we will pay, in the loan business
- Competition with other companies
- Rate of default by customers
- The Company's ability to procure funds and costs involved
- Cost levels for advertising expenses, personnel expenses, and other expenses
- Occurrence of large-scale accidents and disasters

Allowance for doubtful accounts

Allowance for doubtful accounts is booked, based on factors such as the borrower situation, with regard to accounts receivable - operating loans, accounts receivable - installment, and reimbursement receivables which account for the majority of the total assets of the Group.

An increase of payment delays and uncollected loans receivable might occur as a result of potential future changes in economic conditions, the market environment, and the social structure in Japan as well as increases in the number of individuals (including loan customers of the Group) pursuing remedies under legal guardianship pursuant to revisions in legislation, including "Bankruptcy Act," "Act on Special Conciliation," "Civil Rehabilitation Act," and "Judicial Scrivener Act." Such events may require further increases in the allowance for doubtful accounts, which may have a negative effect on the business performance of the Group.

Addressing issues concerning multiple debtors

As measures to address multiple debtors, we are focusing on consumer awareness-raising activities, developing counseling capabilities, adopting greater stringency in our credit operations, lowering maximum interest for loans, and reconsidering advertising representations.

However, the business performance of the Group may be negatively influenced in cases where the number of multiple debtors increases due to economic, employment, and market conditions in Japan or other external factors, which leads to an increase in the allowance for doubtful accounts due to increase in uncollectible loans.

Information systems

In providing services to customers and managing business operations, the Group relies on computer systems and networks

for management of our shop network, customer data, etc. In case our services for customers are hindered by factors such as damage to the communications infrastructure, the hardware, or the software used for these systems and networks resulting from human error, natural disasters, power outages, computer viruses, etc., or the suspension of support services provided by telecommunications carriers or computer systems companies, it may potentially impact on the performance of the Group. For example, it may result in a decline in new customers, delays in the repayment of loans, and a loss of trust in the Group.

In addition, the Group has a backup center for its general ledger system, in order to avoid the possibility of business interruptions. However, it is possible that the Group's business may be suspended in the event of a large-scale natural disaster, such as an earthquake or flood.

Status of interest repayment

In the Company's loan business, there are cases where the lending interest rate for loan products whose contracts were concluded prior to June 17, 2007 exceeded the maximum interest rate in the Interest Rate Restriction Act.

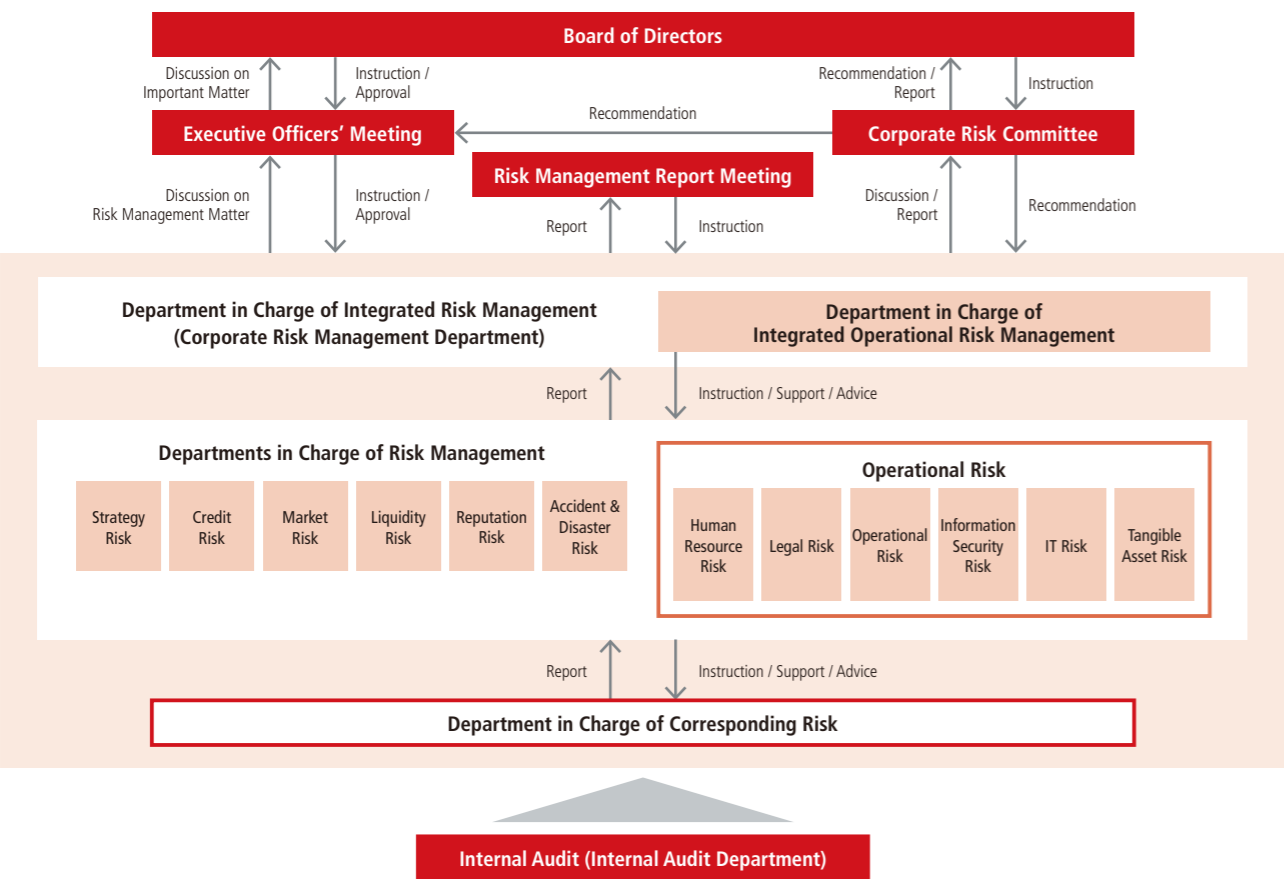
The portion in excess of the maximum interest rate in the Interest Rate Restriction Act has been rendered void, but under the Interest Rate Restriction Act before the amended Money Lending Business Act came into full effect on June 18, 2010, the interpretation was that the debtor could not demand reimbursement of that portion if the debtor had voluntarily paid said excess portion, and also in Article 13 of Supplementary Provisions of the Money Lending Business Act prior to fully coming into effect, meeting certain requirements could be regarded as valid settlement of interest claims.

However, a Supreme Court ruling was handed down on January 13, 2006 that, in cases where a contract provision was added stipulating that the benefit of time is lost when reimbursement of agreed interest is delayed, payment of the excess portion in the Interest Rate Restriction Act is compulsory, and thus the "deemed performance requirement" requiring voluntariness has not been met. For this reason, multiple lawsuits have been brought against companies engaged in consumer finance business demanding reimbursement of payments, and multiple decisions have been handed down recognizing this sort of claim.

In case our customers request a reduction in the loan amount or reimbursement of excess interest paid, the Company may accept to write off such loans or reimburse payments. Also, although loan write-offs and payment reimbursements due to this situation (referred to hereinafter as "loss on interest repayments") have steadily declined, we will continue to monitor the situation in areas such as the number of requests for interest repayment. Future potential for loss on interest repayments, further booking of the provision for loss on interest repayments, and court rulings from lawsuits demanding refunds of interest paid that put the Company and other money lenders at a clear disadvantage, could have an impact on the Company's business performance.

For information on risks other than the above, please see our Securities Reports.
https://www.acom.co.jp/corp/ir/library/financial_report/

Risk Management System



We are committed to carrying out our corporate responsibilities and promoting sustainability.

At ACOM, CSR is personal. Carrying out those responsibilities means each executive and employee acts in accordance with the Group's corporate philosophy to help maintain our robust systems for corporate governance and compliance, and goes about their day-to-day work, community outreach, and other activities with a focus on the Group's Customer Satisfaction Promise. Moreover, a major factor in our CSR is a commitment to sustainability.

In addition, we are keenly aware that maintaining a management environment and implementing initiatives aimed at addressing the challenges highlighted by the UN's Sustainable Development Goals and the Japanese government's policies for tackling those SDGs are vitally important. That is why we have identified six of those challenges for priority attention, and are working hard to help resolve them.















Customer Satisfaction Promise

We promise our customers the comfort of good services professionally delivered.

Commitment to the Community

At ACOM, our business is reinforced with adherence to a basic company spirit, which we call the Circle of Trust, and underpinned by a determination to improve lifestyles. Our community outreach activities also follow this spirit and philosophy; by making a genuine contribution to society through a broad variety of programs, we seek not only to build better ties, but also to cement our position as a good corporate citizen, always there when needed and closely aligned with the needs of the community.

Six Key Social Challenges Identified for Priority Attention

Areas for action	Major initiatives	Corresponding SDGs
Consumer awareness and money management programs	<ul style="list-style-type: none">Financial education★Greater leeway for discretion when considering requests for delayed repaymentProtection of card users against unauthorized use of cardsEncouraging vigilance against loan fraud★Exchanging information with Consumer Affairs Centers, etc.	 
Diversity	<ul style="list-style-type: none">"Kurumin" certification for childcare support programs for employees★Career building support★Continued employment of those who reach mandatory retirement ageCollecting used stamps, etc. to assist fundraising efforts of organizations supporting people with disabilitiesInclusivity in entertainment through the ACOM Miru Concert Monogatari series of music-and-silhouette-theater shows, which are accessible to all, including people with disabilities	 
Better employment practices	<ul style="list-style-type: none">Supporting employees balance work and family care commitmentsEncouraging annual health check-upsMental health careSafeguards against overworkFlexible working styles★	 
Innovation	<ul style="list-style-type: none">Improved usability of digital channels★Harnessing the potential of AI and big data to analyze data★Robotic process automation	
Invigoration of Local Communities	<ul style="list-style-type: none">ACOM Miru Concert Monogatari music-and-silhouette-theater shows★ACOM Bluebird Fund (donations to welfare organizations and disaster-struck communities)★Blood donation drivesStronger partnerships in Guarantee Business between the ACOM and financial institutions	 
Environmental conservation	<ul style="list-style-type: none">More energy-efficient ATMs and electric signage, etc.Paperless operations★Community clean-upsGreen purchasingForest conservation	  

★See following pages for details.

How ACOM Is Addressing the Six Key Social Challenges

Consumer Awareness and Money Management Programs



Financial education

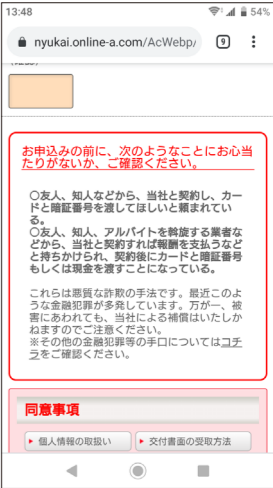
We hold financial literacy classes for students aimed at helping them avoid falling into financial trouble and arming them with awareness of the importance of money before they head out into the world. The course gives a rundown of consumer finance, goes over the basics of loans and credit, and provides real-life case studies of the pitfalls that await the unwary, thus encouraging greater awareness. More than 7,500 students have attended the 50 classes held since the program's launch in 2013, and online classes were held in 2020. Moreover, given that Japan will reduce the age of majority, we are looking to expand these classes.



An ACOM financial literacy class at a university.

Encouraging vigilance against loan fraud

We make a point of encouraging vigilance against loan fraud whenever someone applies for a loan and credit card. We also offer detailed case studies on our website, such as people who got into serious financial trouble when they went along with some scheme at the invitation of someone they met on social networking services or dating apps. Elsewhere, we endeavor to prevent fraud by ensuring our staff are alert to any words or actions from someone applying for a loan and credit card that may seem out of place, and check thoroughly with them to see if anything is wrong.



This screen, encouraging vigilance against loan fraud, appears when someone submits a loan and credit card application on a smartphone.

Diversity

● “Kurumin” certification for childcare support programs for employees

ACOM has been approved by the Tokyo Labor Bureau, under the authority of the Ministry of Health, Labour and Welfare, to display the “Kurumin” mark that denotes our status as a “general employer that complies with standards” stipulated by the Act on Advancement of Measures to Support Raising Next-Generation Children.

ACOM is committed to providing a safe and nurturing workplace environment which is sensitive to the needs of employees with children and which allows all employees to work to the best of their ability. To this end, the Company



pursues policies designed to promote an appropriate balance between work and family life.

● Career building support

We love to help our employees build their careers. Examples include providing pathways for those on fixed-term contracts to become permanent employees, or for those currently restricted to certain positions or locations to get on the career track, which offers broader opportunities.

Moreover, we are passionate about empowering female employees to apply their skills to the fullest extent, establishing working environments through training aimed at enabling them to build their careers and pursue leadership opportunities over the long term.



Better Employment Practices

● Flexible working styles

To enable our employees to seek an ideal work-life balance, our working arrangements offer employees considerable flexibility, including paid leave in one-hour increments, and seasonal leave available year-round.

Moreover, we endeavor to make our workplaces as worker-friendly as possible by renovating meetings rooms and break rooms, and implementing a “casual business” dress code.



Innovation

● Improved usability of digital channels

We are constantly working hard to provide our customers a better user experience by enhancing the interface of our website and other digital channels. Our official smartphone app was revamped in September 2020 and a chat function launched the following month.

The updated ACOM smartphone app, myac (pronounced “my A.C.”) features an easy biometric login and a better layout so customers can check their balance at a single glance. Other improvements include contract procedures that allow customers to take out loans and credit cards entirely by smartphone. In this way, the app experience has been improved for new and existing customers alike.



The lovable dog characters of the ACOM chat tool.

The new chat tool features two lovable doggy characters. The chat has an auto-response function as well as normal responses from staff members, and we are working to further boost this tool's capabilities.

● Harnessing the potential of AI and big data to analyze data

We use machine learning and other artificial intelligence technologies to analyze customer data. This allows us to further improve our credit screening model—one of the ACOM Group's foremost strengths—and our marketing capabilities through greater efficiency in customer contact.

Moreover, we are striving to further advance our analysis capabilities through ongoing studies into analytical techniques for ATM transaction data and overhauling data systems so that we can use big data analysis.



Invigoration of Local Communities

● ACOM Miru Concert Monogatari music-and-silhouette-theater shows

ACOM Miru Concert Monogatari is a unique artistic experience combining silhouette theater, live music, and storytelling. The concerts are designed to be barrier-free and accessible to people of all ages and abilities, and to that end there are sign language interpreters and wheelchair access to ensure they are open to the widest possible audience.

This initiative began in 1994, the result of a determination among the ACOM workforce to do something positive, to spread joy, and to further solidify our ties with the community. To date, we have put on 243 shows for a cumulative audience of more than 230,000 people.

The COVID-19 pandemic meant that there were no shows in the year ended March 2021, but we look forward to resuming the concerts in the future.



An ACOM Miru Concert Monogatari show in action.

● ACOM Bluebird Fund

The ACOM Bluebird Fund was launched in 1984, suggested by an employee. Funds are raised via donations made in a variety of ways, including a small charge added to purchases made from vending machines on company premises and donation boxes installed in all ACOM workplaces. Some employees even choose to have a small donation made directly from their salaries. The funds are then donated to a range of causes, including disaster relief programs. As of April 2021, the Bluebird Fund had made a total of 93 donations to worthy causes totaling approximately 11 million yen.



A sign indicating that a vending machine is part of the ACOM Bluebird Fund program.



Environmental Conservation

● Paperless operations

By issuing some documents to customers electronically rather than printed on paper, we endeavor not only to provide a more convenient experience, but also to reduce our use of resources. Customers who agree in advance to receive documents electronically receive many of the documents relating to loan contracts and transactions (e.g., pre-contract explanation, notice

of contents of contract, statement of loan, statement of deposit, and card usage statements) as e-documents downloadable from the ACOM website.

Moreover, a whole host of internal documents are now paperless, too, including application forms, pay slips, in-house newsletters, and contracts with business partners. In this way, we are greatly reducing the volume of paper resources used.



CSR at EASY BUY

EASY BUY, ACOM Group's loan company in Thailand, has made it its mission to use the company's business as a vehicle for the good of society, actively undertaking a variety of initiatives to help Thailand overcome the challenges facing its society.

Umay+* “Happiness...for Local Community”

Umay+ Money Fitness is a program to give youngsters a solid base of knowledge about money and how it works. For instance, university students submit stories based on the theme of how to use money wisely, and winning entries are made into short films and shown on social media.

* Umay+ is EASY BUY's unsecured loan brand in Thailand.



Umay+ “for Thai Environment”

At EASY BUY, executives and employees alike work as a team to help protect the environment through a variety of activities. For instance, in 2020, they replanted more than 1,500 m² of mangroves in Thung Prong Bay.



Key Financial Data for Eleven Years

Key Financial Data for Eleven Years

	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
(Millions of yen, %)											
Consolidated Business Performance Summary											
Operating revenue	245,831	210,456	193,028	202,240	219,289	237,683	245,148	263,453	277,069	279,510	266,316
Operating expense	430,617	179,570	172,067	187,906	205,215	222,166	315,315	182,511	219,461	203,873	167,419
Operating profit	-184,785	30,885	20,961	14,333	14,073	15,516	-70,166	80,942	57,607	75,636	98,896
Segment profit	-185,906	30,123	20,478	14,302	13,872	15,313	-70,389	80,848	57,317	75,986	98,264
Loan and Credit Card Business	-196,975	11,639	1,110	-3,323	-8,364	-11,841	-93,373	46,864	11,804	28,056	52,725
Guarantee Business	5,808	11,263	11,305	7,605	11,125	14,466	9,614	17,808	25,241	25,000	25,041
Overseas Financial Business	4,018	6,200	7,149	9,411	10,156	11,138	12,640	15,478	19,802	22,394	19,879
Profit attributable to owners of parent	-202,648	21,464	20,839	10,632	12,864	14,598	-72,187	70,572	37,781	59,600	78,864
Ratio of net income to operating revenue	-82.4	10.2	10.8	5.3	5.9	6.1	-29.4	26.8	13.6	21.3	29.6
Net cash provided by operating activities	97,249	48,421	2,245	-29,135	-38,249	-43,045	-37,451	-32,634	7,329	19,698	113,179
Net cash provided by investing activities	-2,746	10,981	53,030	-9,342	-5,155	-2,368	-2,858	-1,711	-1,165	6,214	-4,566
Net cash provided by financing activities	-65,069	-28,554	-40,414	-21,392	13,503	6,589	58,863	21,259	-12,573	-24,339	-108,786
Consolidated Balance Sheet Summary											
Total assets	1,302,758	1,212,461	1,165,576	1,155,203	1,190,368	1,175,063	1,228,930	1,275,957	1,301,908	1,282,389	1,219,109
Net assets	243,599	264,915	286,710	306,726	328,315	338,132	267,226	344,437	381,501	442,496	515,128
Loan and Credit Card Business receivables outstanding	923,826	817,580	733,311	743,473	768,735	794,982	822,916	855,811	885,081	915,883	862,839
Guaranteed receivables	443,460	483,282	586,521	752,185	861,212	987,508	1,129,773	1,199,644	1,212,255	1,233,228	1,170,094
Overseas Financial Business receivables outstanding	103,017	109,829	136,622	163,427	195,472	192,068	191,845	221,107	227,387	201,524	193,709
Financial Indices, etc.											
Shareholders' equity ratio (includes guaranteed receivables in total assets)	13.6	15.2	16.0	15.4	15.2	15.0	10.6	13.0	14.2	16.5	20.3
Dividend per share (yen)	—	—	—	—	—	—	—	1	2	4	6
Dividend payout ratio	—	—	—	—	—	—	—	2.5	10.5	11.7	13.3
Book-value per share (BPS) (yen)	1,516.95	1,645.35	178.59	187.92	199.53	206.42	159.58	206.12	227.35	265.11	310.02
Earnings per share (EPS) (yen)	-1,293.54	137.01	13.30	6.79	8.21	9.32	-46.08	45.05	24.12	38.04	50.34
Return on equity (ROE)	-60.3	8.7	7.8	3.7	4.2	4.6	-25.2	24.6	11.1	15.5	17.5
Return on assets (ROA)	-14.6	1.7	1.8	0.9	1.1	1.2	-6.0	5.6	2.9	4.6	6.3
Loan and Credit Card Business	-19.2% (4.5%)	1.3% (6.9%)	0.1% (5.7%)	-0.5% (5.7%)	-1.1% (5.5%)	-1.5% (5.7%)	-11.5% (6.2%)	5.6% (5.6%)	1.4% (5.9%)	3.1% (5.3%)	5.9% (5.9%)
Guarantee Business	1.5%	2.4%	2.1%	1.1%	1.3%	1.5%	0.9%	1.5%	2.0%	1.9%	2.0%
Overseas Financial Business	4.1%	5.8%	5.8%	6.3%	5.7%	5.7%	6.6%	7.5%	8.8%	10.4%	10.1%
Price book-value ratio (PBR)	0.74	1.12	1.51	1.76	2.09	2.75	2.79	2.30	1.74	1.66	1.66
Price earnings ratio (PER)	-0.86	13.50	20.29	48.60	50.79	60.84	-9.66	10.52	16.38	11.54	10.23

(Notes) 1. As of October 1, 2013, the Company executed a stock split where each share of its common stock was split into 10 shares. In association therewith, "Book-value per share" and "Earnings per share" were calculated supposing that the stock split was conducted at the beginning of the 36th fiscal year.

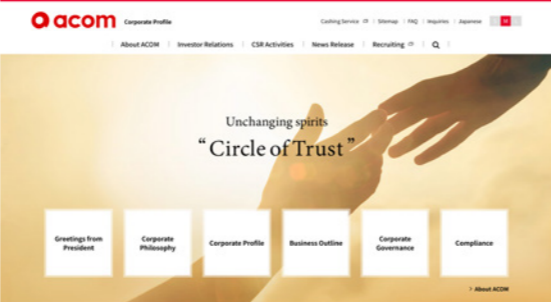
2. Numbers in parentheses below Return on assets for the Loan and Credit Card Business indicate return on operating receivables (not including loss on interest repayment).

3. ACOM has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the three months ended June 30, 2018. Accordingly, the figures in the current balance sheet are compared and analyzed with the figures in the prior fiscal year to which the above accounting standard, etc. has been retrospectively applied.

Outline of ACOM (As of the end of March, 2021)

Company name	ACOM CO., LTD.
Head office	Meiji Yasuda Seimei Bldg. 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan
Established	April 2, 1936
Incorporated	October 23, 1978
Paid-in capital	63,832,520,000 yen
Number of employees	2,112 (non-consolidated)
Business outline	Loan Business, Credit Card Business, Guarantee Business

Main financing bank	MUFG Bank, Ltd.
Affiliated associations	Japan Financial Services Association Japan Consumer Credit Association Japan Business Federation (Keidanren)
Website	More information about our company can be found on our website.



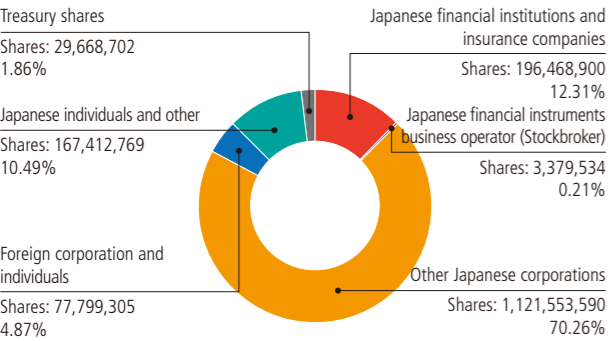
ACOM Corporate Profile
<https://www.acom.co.jp/corp/english/>

Stock Overview (As of the end of March, 2021)

Status of Shares

Number of shares authorized	5,321,974,000
Number of shares issued	1,596,282,800
Number of shareholders	10,602

Ownership and Distribution of Our Shares by Category of Shareholders



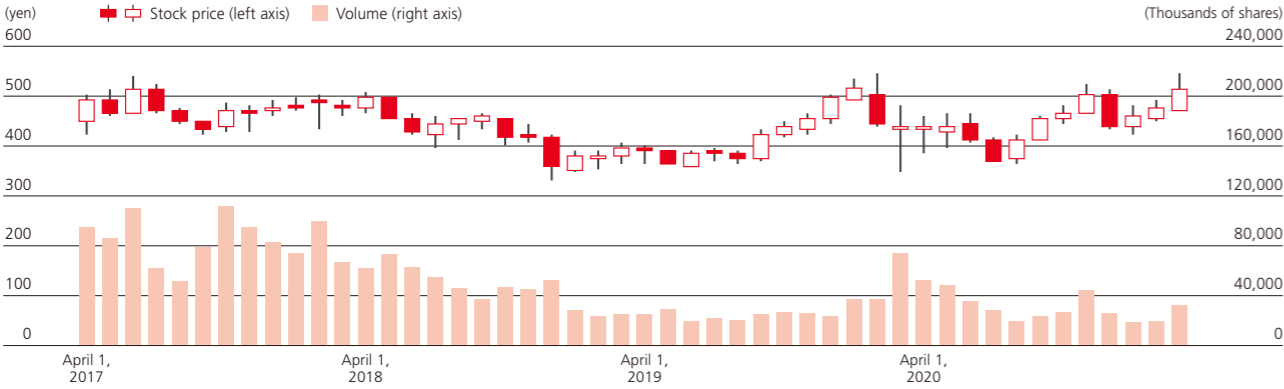
(Note) % is calculated by investment ratio.

Major Shareholders (Top 10)

Shareholder name	Number of shares held (Thousands)	Percentage of ownership (%)
Mitsubishi UFJ Financial Group, Inc.	588,723	37.57
Maruito Shokusan Co., Ltd.	273,467	17.45
Maruito Co., Ltd.	125,533	8.01
Foundation of Kinoshita Memorial Enterprise	92,192	5.88
The Master Trust Bank of Japan, Ltd. (Trust Account)	77,163	4.92
Maruito Shoten Co., Ltd.	38,733	2.47
Mitsubishi UFJ Trust and Banking Corporation	31,572	2.01
Custody Bank of Japan, Ltd. (Trust Account 4)	27,356	1.74
Shigeyoshi Kinoshita	26,507	1.69
Custody Bank of Japan, Ltd. (Trust Account)	14,109	0.90

- (Notes)
1. For the number of shares held, the amount is rounded down to the nearest thousand.
 2. The Company holds 29,668,702 shares of treasury shares but is excluded from the list of major shareholders above. This treasury shares was retired on June 3, 2021.
 3. The percentage of ownership is calculated excluding treasury shares.

Historical Stock Prices



	2017/3	2018/3	2019/3	2020/3	2021/3
Total shareholder return (%) (Indicator for comparison: TOPIX Total Return Index (%))	78.48 (114.69)	83.77 (132.89)	70.19 (126.20)	78.66 (114.20)	93.12 (162.32)

Subsidiary Information

Consolidated subsidiaries (As of April 5, 2021)

MU Credit Guarantee Co., LTD.	
Business outline	Guarantee Business
Incorporated	September 2013
Paid-in capital	¥300 million
Head office	NCO Kanda-Kon'yacho 8, Kanda-Kon'yacho, Chiyoda-ku, Tokyo
Tel	03-6838-0001 (main)
URL	https://www.mucg.co.jp/

EASY BUY Public Company Limited

Business outline	Unsecured loan business and installment loan business (installment sales finance business) in Kingdom of Thailand
Incorporated	September 1996
Paid-in capital	6.0 billion Thai Baht
Head office	Rasa Two, 8th-11th Floor No.1818, Phetchaburi Road, Makkasan, Ratchathewi, Bangkok 10400, Thailand
URL	https://www.easybuy.co.th/en

ACOM CONSUMER FINANCE CORPORATION

Business outline	Unsecured loan business in Republic of the Philippines
Incorporated	July 2017
Paid-in capital	1.5 billion Philippine Pesos
Head office	10th Floor, 45 San Miguel Building, 45 San Miguel Avenue, Ortigas Center, Pasig City 1605, Philippines
URL	https://www.acom.com.ph/

IR Loan Servicing, Inc.

Business outline	Loan servicing
Incorporated	June 2000
Paid-in capital	¥520 million
Head office	Trusty Kojimachi Building, 3-4 Kojimachi, Chiyoda-ku, Tokyo
Tel	03-5215-6511 (main)
URL	http://www.irservicing.co.jp/

Equity-method Affiliate (As of March 31, 2021)

MU Communications Co., Ltd.	
Business outline	Subcontracting contact center operations/contract staff services
Incorporated	April 2007
Paid-in capital	¥1,020 million
Head office	Hatsudai Daiya Building, 1-3-4 Honmachi, Shibuya-ku, Tokyo
Tel	03-5333-3530 (main)
URL	http://mucc.co.jp/

ACOM CO., LTD.

Head office: Meiji Yasuda Seimei Bldg., 2-1-1 Marunouchi, Chiyoda-ku, Tokyo, Japan 100-8307

TEL: (03)5533-0811 (main)

URL: <https://www.acom.co.jp/>