

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

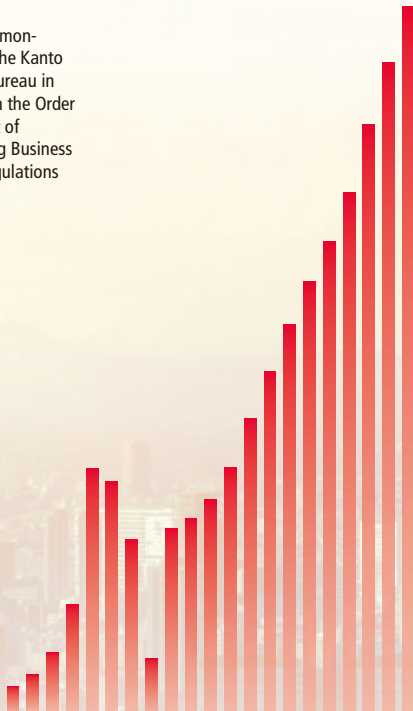


1996
Established “EASY BUY” in Kingdom of Thailand

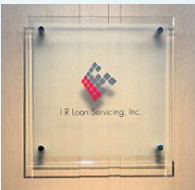


Listed ACOM stock on the First Section of the Tokyo Stock Exchange

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

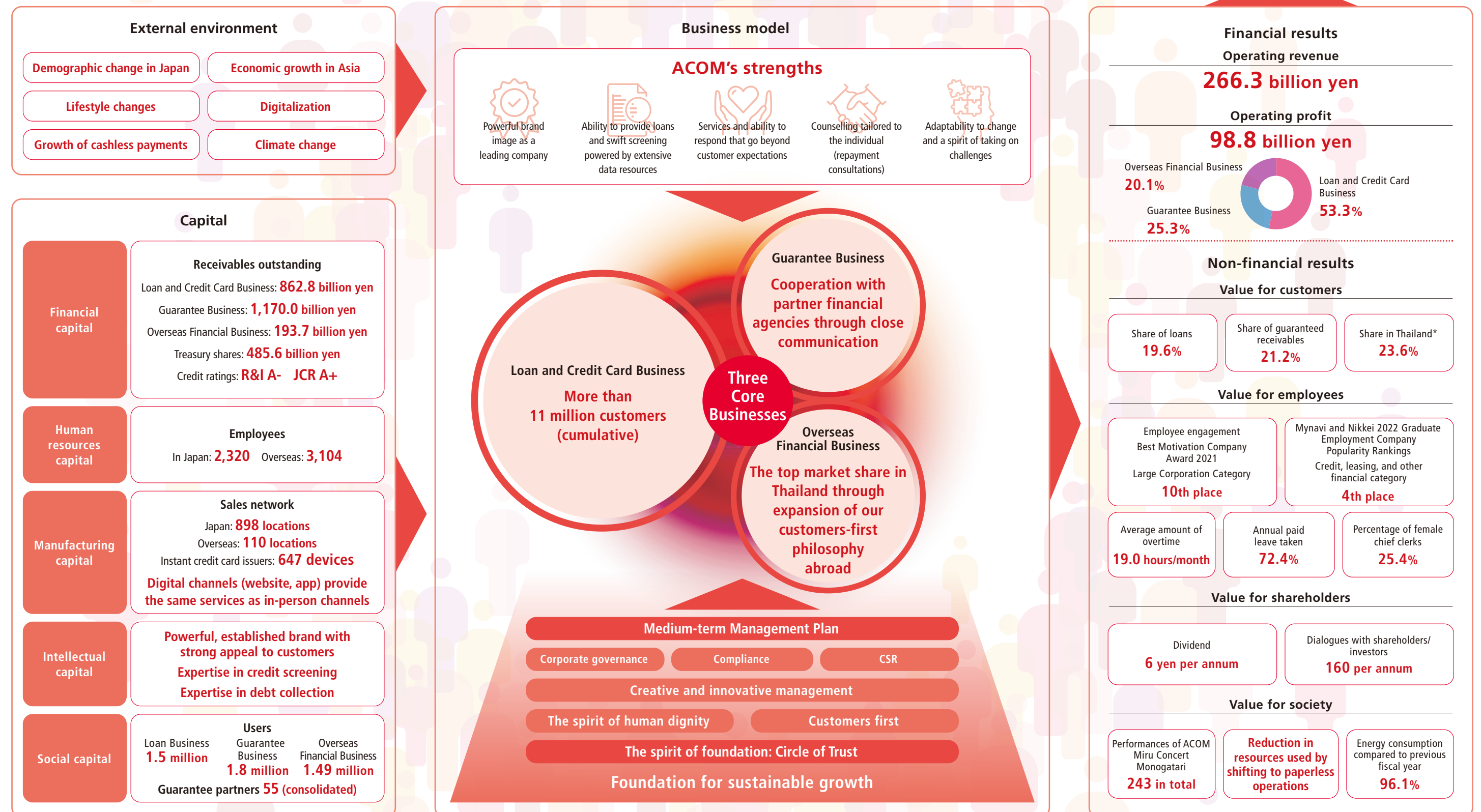
Beginning of “Abenomics”

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

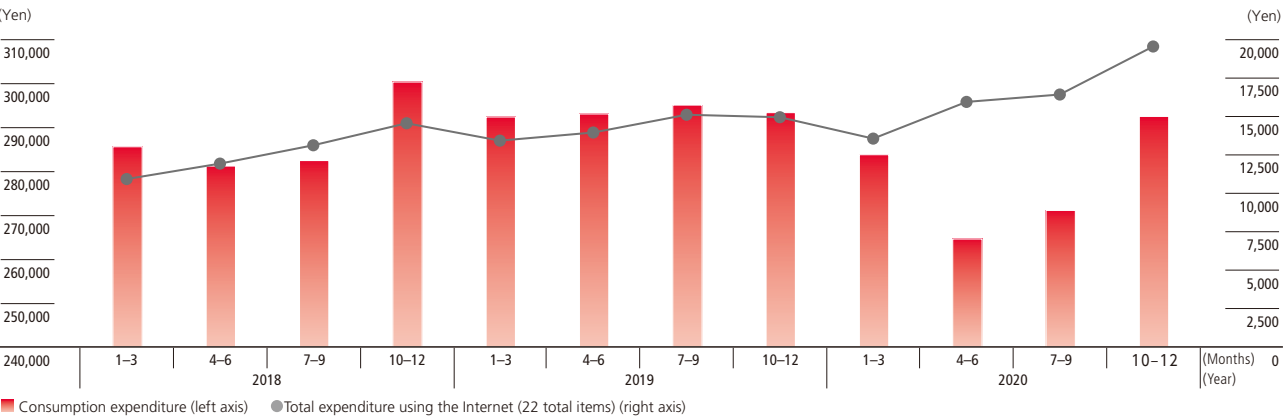
The core of our business is lending cash, but we know that our customers do not borrow money for the sake of borrowing money. Those funds are a means of achieving their real, underlying need: to buy a coveted item or service. They come to us when they do not have the means of paying for those goods or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

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,

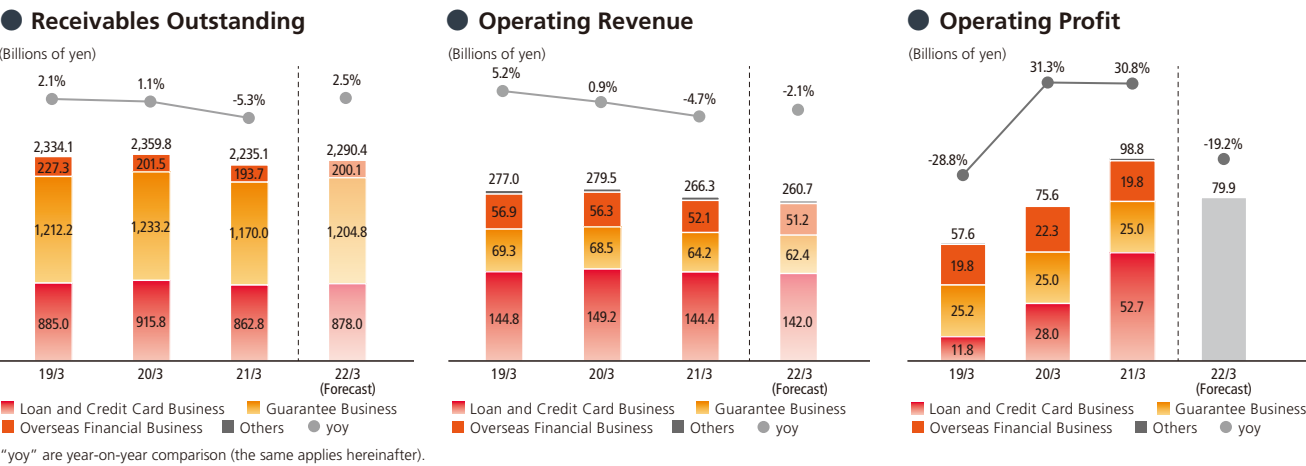
Customers First: ACOM’s Devotion to Greater Convenience and Compassion

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



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.

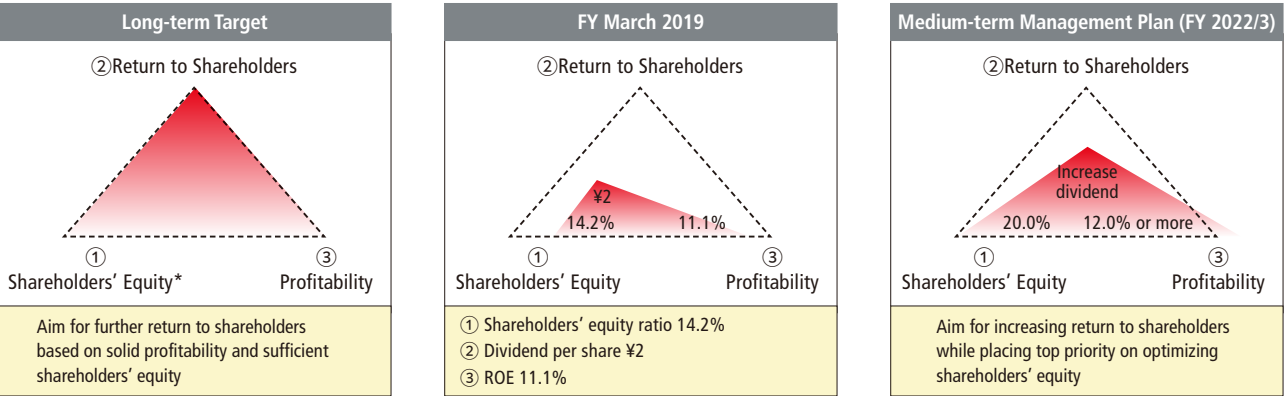
Although we are forecasting an increase in receivables outstanding in the year ending March 2022, we also forecast that revenues will decrease overall on the back of a drop in the average loan balance during the year. Moreover, we are planning for an overall decrease in profits, as we forecast an

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.