

# Providing Financial Services that Put Customers First

At the endpoints of the customer’s funding needs are ideas like “I want to get the goods I like” and “I want to use that service.” We provide safe and secure financial services that match those feelings in our customers. We recognize that the ACOM Group’s financial services play an important role in supporting Asian economies, centered on ASEAN, as well as in Japan, and we carry out our social mission on that basis.

### ● 30 Years of CS Management

Since our founding in 1936, we have always put customers first. In 1986, we started QC (Quality Control) circle activities, the forerunner of CS (Customer Satisfaction) management. With the aim of further enhancing the quality of our products and services, employees at our sales offices have taken the initiative in continuing business improvement activities to meet customer expectations from the customer’s perspective. In 1992, with the aim of further improving customer satisfaction, we upgraded our QC circle activities to create the CS Oriented Management Promotion Committee. The following year, the CS Philosophy was established as the foundation for CS management, and we have continued to pursue customer satisfaction to this day.

The COVID-19 pandemic has changed how people live their lives, but while there have been a range of restrictions on our sales activities from the pandemic, we

have ceaselessly continued to put the customer first. In addition, we are further focusing on service improvement in the digital domain and considering CS management at all points of contact with our customers. We will continue to strive for customer satisfaction so that we can provide the best possible service in both human and digital aspects.



### ● Organizing the CS Award

We organize the CS Award once a year to further instill our founding spirit and corporate philosophy, and to foster a culture of practicing and improving customer service to gain the trust and satisfaction of our customers.

The CS Award assesses and awards outstanding CS-related activities on a company-wide basis, sharing them widely throughout our organization. This year’s event was held in person for the first time in three years with the subsiding of the COVID-19 pandemic.



### Main Programs of CS Award

Program Name	Overview
CS Card Presentation	Presentations by employees selected as winners of the Award for Excellence and Superior Award in each of the CS Experience Cards*1 and Proposal Card on CS Improvements*2 categories
CS Response Presentation	Sharing of customer service logs where customer-facing department employees successfully practiced the principle of putting the customer first
ACOM Vision x CS Award	Presentation of vision-related efforts by employees from departments responsible for each stakeholder

\*1 CS Experience Cards: A system for sharing customer satisfaction/praise/etc., through work and examples of CS experienced in non-work contexts  
\*2 Proposal Card on CS Improvements: A system facilitating proposals of various improvement measures based on customers’ requests and dissatisfaction, as well as issues that arise through day-to-day business operations

### ● Implementing Financial Education

Since 2013, we have been providing financial education lectures for college and high school students in the interest of consumer protection and benefit, and for developing a sound personal card loan market. In addition, starting in the fiscal year ended March 2023, we also hold lectures for new employees. Participants have commented that the lectures have helped them improve their financial literacy.

The cautionary lecture introduces, among others, actual cases of financial troubles about card loans, which are becoming more and more familiar to young people due to the spread of cashless payment systems. As a company in the card loan business, we will work to further expand these pro bono activities in the hope that students, leaders of the next generation, will learn the importance of money



A financial education session at a high school

before entering the workforce so as not to fall into financial trouble.

## Interview

### Winning the Award for Excellence in the CS Award 2022 (CS Response Presentation)

Yuko Sakamoto  
East Japan Business Promotion Department  
Counseling Center



#### Q. Tell us about your counseling work.

My duties at the Counseling Center are to provide repayment counseling to delinquent customers.

In my consultations, I strive to understand the customer’s feelings, to be attentive to their situations and emotions, and to tailor the response to each individual customer.

I also occasionally reflect on past actions to ask if a response was the right one given the customer’s situation, working to ensure that I am as close to putting customers first as possible.

#### Q. Please tell us about an episode that gave you the feeling of putting customers first.

When I spoke with a young customer who had fallen into a number of long-term delinquency situations from the beginning of our transactions with them, I felt the customer had little awareness of the repayment obligations. The reason I took on this counseling was because I felt continued delinquency and small repayments over time would increase the customer’s burden in the long run and cause inconvenience for their lifestyle going forward, believing that receiving the contracted repayment amount on time would be the thing that put customers first. After the counseling, we now have the customer consistently making repayments on time. Although at the Counseling Center, we rarely have the opportunity to speak with customers after they have received consultation and are making repayments on time, we will continue to practice putting customers first so that as many customers as possible will be glad to

have dealt with ACOM and glad to have received counseling.

#### Q. Is there anything you would like to try in the future?

My previous job was in educational work but in the same industry, and I would like to use that experience to be involved in the educational side of the business.

The most important skill in counseling work is the ability to respond in a way tailored to the customer.

In my everyday work, I keep in mind that I should visualize the situation each customer is facing and making the best possible proposal to suit that individual.

Although the world is moving more and more toward digital technologies, I feel that this personalized response to each customer is a skill that only humans can provide, and one that is worth passing on into the future.

Therefore, I would like to make use of the skills and experience I have cultivated to date to help raise the level of responsiveness of the Counseling Center as a whole through training and seminars.



The CS Award ceremony

Loan and Credit Card Business



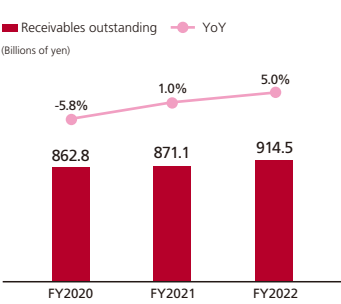
Overview

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, after being licensed to issue Mastercard® credit cards in July 1998.

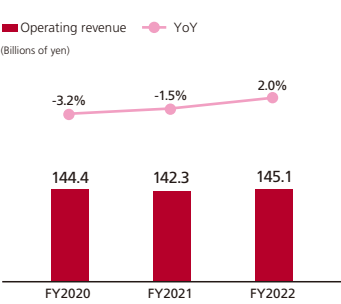
In the Loan and Credit Card Business, we endeavor to incorporate the Five Ss into our operations: speedy, simple, secret, safe, and self-service.

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.

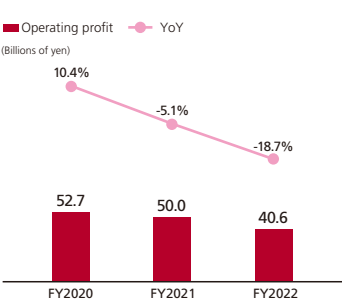
Receivables Outstanding



Operating Revenue



Operating Profit



\* Data for the fiscal year ended March 2022 excludes interest repayment expenses

Market Environment and Outlook

At the end of March 2023, the size of the market for personal card loans in the non-bank industry was approximately 4 trillion yen, of which ACOM had around a 20% share.

While declining birthrate and aging population trends continue and the workforce shrinks, competition in the personal card loan market is continually intensifying as new players from other business types enter the market.

At present, the normalization of socioeconomic activities and the recovery of personal consumption in leisure, travel, dining, etc., has led to expansion in market scale, which had previously been contracting. Once the effects of COVID-19 have run their course, we can look forward to annual market growth of around 2%, and we believe ACOM's operating loan balance can grow at around 3% annually.

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 12 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 is more, our network of approximately 650 credit card issuing machines nationwide together with a virtual card function enables us to offer a degree of service that our competitors cannot, including same-day issue of credit cards in some cases.

Initiatives in the Fiscal Year Ended March 2023

In the Loan and Credit Card Business, we worked to strengthen our efforts to attract new customers, improve product and service functions, and maintain a sound loan portfolio.

In strengthening new customer attraction, we took new measures such as utilizing social networks. Also, we have improved the convenience of our products and services for our customers by launching compatibility with Apple Pay® and Google Pay™ on ACOM-issued MasterCard® cards.

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.

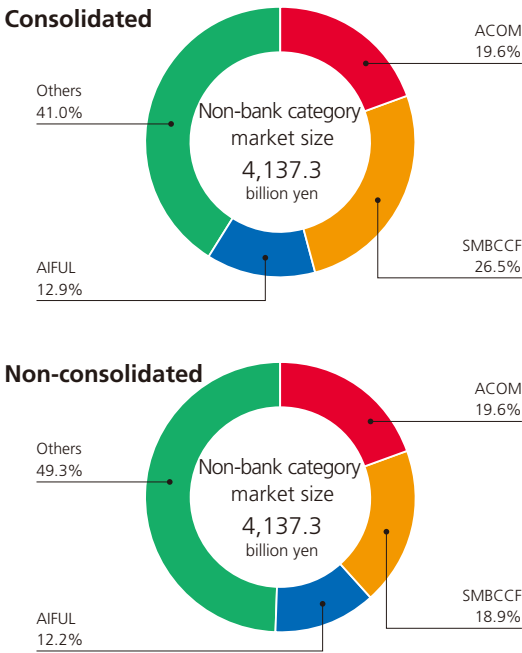
Achievements in the Fiscal Year Ended March 2023

In the fiscal year ended March 2023, receivables outstanding increased 5.0% YoY to 914.5 billion yen due to the normalization of socioeconomic activities, a recovery in personal consumption such as leisure, travel, and dining as well as aggressive efforts to attract new customers.

Operating revenue increased 2.0% YoY to 145.1 billion yen due to steady growth in receivables outstanding.

Operating profit was 40.6 billion yen due to the absence of the additional provision for loss on interest repayment recorded in the previous fiscal year.

Market share (as of the end of March 2023)



Medium-term Management Plan

Targets to achieve in 3 years

- Carry on accurately meeting customers' cashless needs, and using digital technologies to provide more convenient services
- Aim for receivables outstanding of 984.2 billion yen, operating revenue of 156.0 billion yen, and operating profit of 49.4 billion yen

Key Themes for the Medium Term

- Enhancing brand strength by rebuilding perceptions
- Providing high-quality customer experience through optimization of human and digital resources
- Creating new business and services for next growth phase

Plan for the Fiscal Year Ending March 2024

Assuming that the active demand for funds due to rebounding consumption will continue through the second quarter and gradually return to pre-pandemic levels from the third quarter, we estimate a 4.4% YoY increase in receivables outstanding to 954.6 billion yen.

Operating revenue is estimated to increase 4.6% YoY to 151.8 billion yen, mainly due to business expansion.

Message from the Director

Yuji Kinoshita  
Executive Managing Officer



In the fiscal year ended March 2023, in response to growing cashless needs, we improved customer convenience by supporting smartphone payments and revamping our application forms.

In addition to a recovery in demand for funds mainly due to various government-led measures, we aggressively attracted new customers, resulting in a total of 309,000 new customers, far exceeding the estimated 260,000. In fact, this was the first time in 17 years that we have gained over 300,000 new customers in a year.

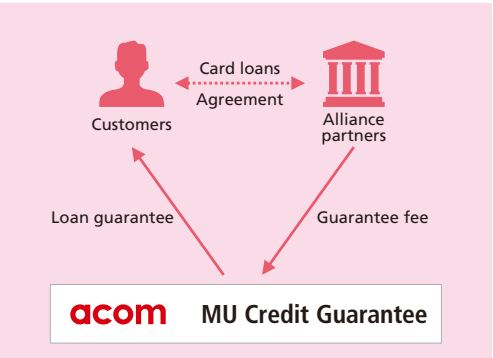
In order to sustain and grow our market share in terms of the number of new customers, we will review our marketing strategy in the fiscal year ending March 2024, utilizing outside

expertise, in order to make ACOM the preferred partner for our customers. Our plan is to first focus on market research, attracting new customers and improving retention rates over the next three years. In addition, in conjunction with the review of our marketing strategy, we will advance the Challenge what you want to start! Project to support people's first experiences and instilling an image of ACOM as a company that supports "firsts."

Due to the rapid behavioral change in the world caused by COVID-19, transactions through physical channels have become limited, and more than 90% of applications are now made via the Internet. As for existing transactions, given our expectation of growing online transactions thanks to enhancing app functionality and other measures, we closed all manned branches, which at one time numbered as much as around 600, by the end of March 2023. We will continue to adapt to changes in the external environment and strive to provide new conveniences to our customers.



Guarantee Business



Overview

In this segment, we provide credit guarantees, underwriting customers' repayment of loans taken out with our alliance partners. 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, major regional banks and online banks.

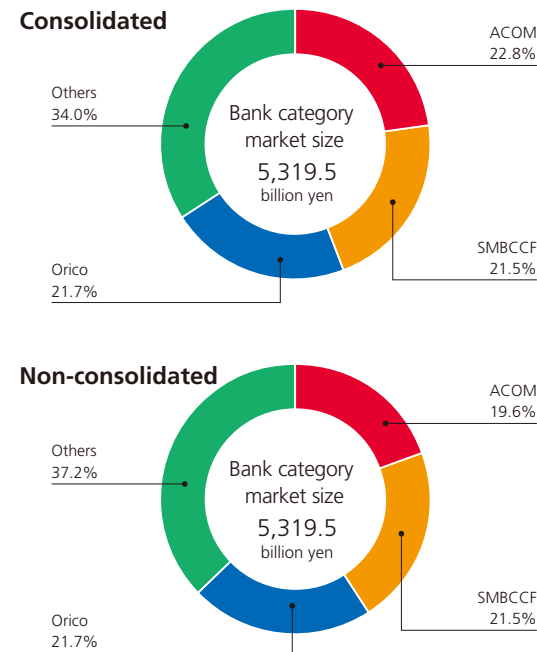
Local economies are beset by various issues, including a declining birthrate, aging population, and population outflow. By joining forces with each of our partners to grow their card loan products and meet the needs of customers in a wide range of regions, we are helping to stimulate local economies.

Market Environment and Outlook

The size of the bank loan market at the end of March 2023 was approximately 5.3 trillion yen, of which the ACOM Group's share exceeded 20%.

At present, the normalization of socioeconomic activities and the recovery of personal consumption in leisure, travel, dining, etc., has led to expansion in market scale, which had previously been contracting. Once the effects of COVID-19 have run their course, we can look forward to annual market growth of around 3%, and we believe the ACOM Group's guaranteed receivables can grow at about 4% annually.

Market share (as of the end of March 2023)



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 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 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.

Medium-term Management Plan

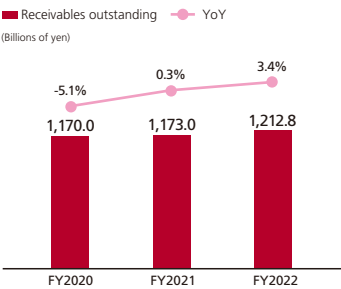
Targets to achieve in 3 years

- Apply the accumulated expertise of the ACOM Group, to become a guarantee company that helps to raise the enterprise value of its partner financial institutions
- Aim for a receivables outstanding balance of 1,319.4 billion yen, operating revenue of 73.2 billion yen, and operating profit of 26.4 billion yen

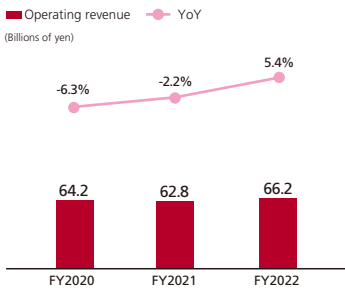
Key Themes for the Medium Term

- Expanding guarantee partnerships with financial institutions and establish guarantees partnerships with companies
- Further strengthening cooperation with existing guarantee partners

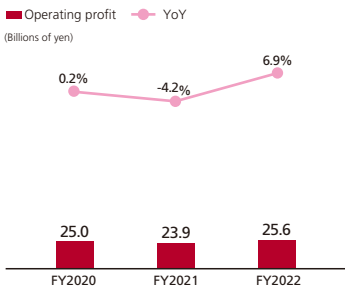
Guaranteed Receivables



Operating Revenue



Operating Profit



Initiatives in the Fiscal Year Ended March 2023

In the Guarantee Business, we have worked to build in-depth communication with our partners and continued to screen guarantees appropriately. In addition, we worked to help our partners better attract new customers by utilizing joint advertising, in which shared advertising materials are used by multiple partners, and to support various sales measures and business efficiency improvement through seconding employees to provide technical guidance.

We also made efforts to develop new partners, including companies, such as the guarantee partnership with LINE Credit Corporation in March 2023.

Achievements in the Fiscal Year Ended March 2023

In the fiscal year ended March 2023, guaranteed receivables in the Guarantee Business increased 3.4% YoY to 1,212.8 billion yen. This was a result of efforts to strengthen ties with existing partners and focus on supporting sales promotion measures of business partners, as well as a recovery in personal consumption such as for leisure, travel, and dining.

Operating revenue increased 5.4% YoY to 66.2 billion yen due to business expansion and higher guarantee fee rates resulting from periodic reviews.

Operating profit increased 6.9% YoY to 25.6 billion yen, as the increase in revenues due to business expansion covered the increase in costs.

Plan for the Fiscal Year Ending March 2024

Assuming proactive sales activities by each of our partners and that the active demand for funds due to rebounding consumption will continue through the second quarter and gradually return to pre-pandemic levels from the third quarter, we estimate a 4.6% YoY increase in the guaranteed receivables to 1,268.8 billion yen.

Operating revenue is estimated to increase 5.9% YoY to 70.2 billion yen due to an increase in outstanding credit guarantees and an expected increase in guarantee fee rates.

Message from the Director

Michihito Onodera  
Executive Managing Officer



With respect to the key theme in the Medium-term Management Plan of achieving guarantee partnerships with companies, we successfully launched an alliance with LINE Credit Corporation in March 2023. Until that point, our partners had been financial institutions, mainly banks, and we recognize that this alliance marks our entry into a new phase. Operating revenue from the Guarantee Business have grown to account for one-fourth of consolidated operating revenue thanks to our nearly 20 years of guarantee partnerships with financial institutions. We will take this opportunity to promote guarantee partnerships with companies to further expand our business.

For the theme of further strengthening cooperation with existing partners, we will not only support the attraction of new customers through joint advertising, but also unify advertising agencies, which used to differ from partner to partner, in order to achieve effective and efficient operation of web advertising. This is expected to facilitate speedy

sharing of best practices between regional banks, with a positive impact on attracting new customers.

Thanks to these efforts and a recovery in demand for funds, outstanding credit guarantees in the fiscal year ended March 2023 exceeded our estimates from the beginning of the period. However, there is a widening gap in outstanding balance growth between ACOM (non-consolidated) and its competitors.

In the fiscal year ending March 2024, we will improve our marketing and B2B sales style in order to achieve the No.1 market share for ACOM on a non-consolidated basis. In addition, we will review existing operations from contracting to repayment and focus on improving the contracting rate in areas where there is room for improvement. As for new partnerships, we will continue to establish partnerships with new companies, following our partnership with LINE Credit. By promoting these initiatives, we hope to continue to grow beyond the targets in our Medium-term Management Plan.

We will continue to provide the expertise of the ACOM Group to our business partners and offer services that exceed expectations, aiming for the No. 1 market share on a non-consolidated basis and creating an overwhelmingly strong ACOM.

Overseas Financial Business



Overview

We established loan businesses in Thailand and the Philippines with a view to capitalizing on the strong growth of the retail finance sector in the ASEAN region markets. Though ASEAN is experiencing rapid economic development, the region faces challenges; for instance, many in the region do not have bank accounts or credit cards and lack access to financial services. By providing services to a wide range of customers and meeting their needs, the Group has contributed to the development of the ASEAN economy. Businesses in this area have since grown to account for around 20% of the ACOM Group's operating revenues.

In Thailand, we operate EASY BUY, 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 Philippines, which is experiencing rapid economic growth, we established ACOM CONSUMER FINANCE CORPORATION in July 2017, and began operations a year later.

Market Environment and Outlook

The Thai personal loan market was worth around 600 billion baht (approximately 2.5 trillion yen) in the year ended December 2022, of which, the non-bank sector market was worth around 300 billion baht (approximately 1.2 trillion 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.

In the fiscal year ending March 2024, real GDP growth is expected to increase, and we expect the non-bank market to continue showing positive growth.

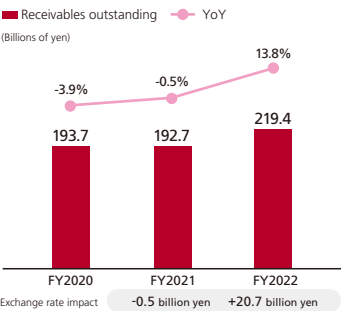
The size of the unsecured personal loan market in the Philippines is approximately 350 billion pesos (approximately 850 billion yen). The range of banks handling unsecured loans for borrowers of medium income is limited, and there are only a few non-bank companies, so this market offers the prospect of future growth.

Strengths

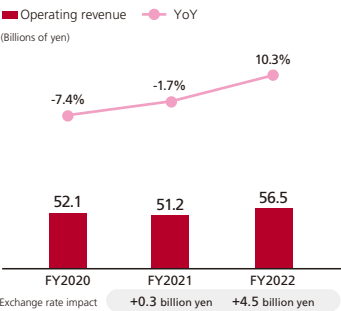
Our strengths are our experience and expertise, not only in the Japanese loan business, but also our more than two decades in the Thai personal loan industry, which has enabled us to win the top share of the local non-bank market.

That bedrock of hard-won expertise underpins our entry into new countries, and allows us to establish a solid operational base relatively smoothly.

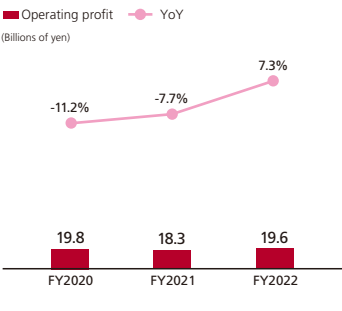
Receivables Outstanding



Operating Revenue



Operating Profit



Initiatives in the Fiscal Year Ended March 2023

Business activities in this area have worked to expand the scale of the Overseas Financial Business.

EASY BUY has established a top brand position in Thailand by aggressively developing the Umay+ brand with the goal of improving its brand image and expanding new customer attraction. We also worked to strengthen our service capabilities through the use of mobile apps, such as virtual card issuance and electronic receipt delivery.

ACF, worked to improve the quality of receivables while attracting new customers by strengthening web marketing.

At ACOM (M) SDN. BHD. in Malaysia, preparations, including system construction, are underway for the scheduled September 2023 launch of operations. We are also studying other Asian countries to explore the possibility of business development there.

Achievements in the Fiscal Year Ended March 2023

Receivables outstanding in the Overseas Financial Business increased 13.8% YoY to 219.4 billion yen, reflecting a recovery in personal consumption as well as the exchange rate impact from the weaker yen. On a local currency basis, EASY BUY's receivables outstanding increased 2.2% YoY to 56.8 billion baht and ACF's receivables outstanding increased 70.3% YoY to 1.4 billion pesos.

Operating revenue increased 10.3% YoY to 56.5 billion yen due to business expansion as well as the exchange rate impact from the weaker yen. Operating profit increased 7.3% YoY to 19.6 billion yen.

Plan for the Fiscal Year Ending March 2024

For EASY BUY, actions have been underway at the request of the Bank of Thailand to remove the limit on the number of lending financial institutions and relax credit limits, as well as relief measures instituted for the COVID-19 pandemic. Since these relief measures have been abolished as of the end of December 2022 with the subsiding of the pandemic, we estimate receivables outstanding will increase 0.4% YoY to 57.0 billion baht. For ACF, we estimate receivables outstanding will decrease 19.1% YoY to 1.1 billion pesos. This is due to an expected decrease in the number of new contracts and a reduction in the unit cost per client as a result of stricter credit criteria aimed at stabilizing the loan portfolio.

Operating revenue is projected to increase 0.6% YoY to 56.9 billion yen due to the expected increase in average receivables outstanding during the period at EASY BUY and ACF.

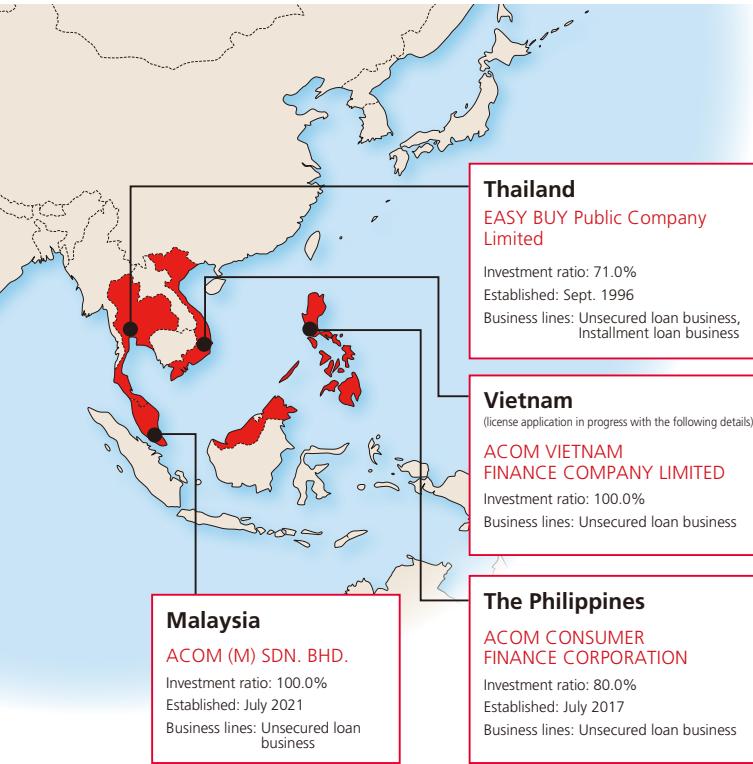
Medium-term Management Plan

Targets to achieve in 3 years

- Establish new revenue base toward adding 300 million people to the target market population
- Aim for a receivables outstanding balance of 203.8 billion yen, operating revenue of 53.4 billion yen, and operating profit of 20.1 billion yen

Key Themes for the Medium Term

- Expanding into new countries
- Building our business base in countries where we already have a presence



Message from the Director

Masaru Kuroda  
Executive Managing Officer



There are two key points in our plan for the Overseas Financial Business in the fiscal year ended 2024. The first is to ensure a solid business launch in Malaysia. The second is to achieve stable growth and improve the profitability of existing overseas subsidiaries that have already entered the market.

As for the first point, we have already obtained a business license and established a corporation in Malaysia. With this, all of the members involved in the launch project are working together to establish operations, systems, internal management structures, and more in preparation for the launch of operations in September of this year. We are committed to reliable action here, while maintaining a sense of speed so that we can begin delivering our services to the people of Malaysia as quickly as possible. In the new

Medium-term Management Plan, ACOM aims to enter at least one more country besides Malaysia, and we are steadily advancing our research to this end.

For the second point, let me talk about our overseas subsidiaries. First, regarding EASY BUY in Thailand, the business environment is changing by the minute as the local government scales back regulatory easing from the COVID-19 pandemic and as new entrants from outside the industry appear. Even under such circumstances, we will promote further stable growth by pursuing customer convenience through the use of digital technology and other means. Next, regarding ACF in the Philippines, we face the challenge of improving our loan portfolio, as it has been significantly affected by external factors such as the COVID-19 pandemic and inflation. We aim to improve profitability by engaging in new sales measures and other tactics to increase the number of high-quality customers by leveraging the Group's expertise cultivated to date in Japan and other countries.

Through these efforts, we are committed to further developing the Overseas Financial Business.