

Loan and Credit Card Business



Overview

Our loan business 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, safety, 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.

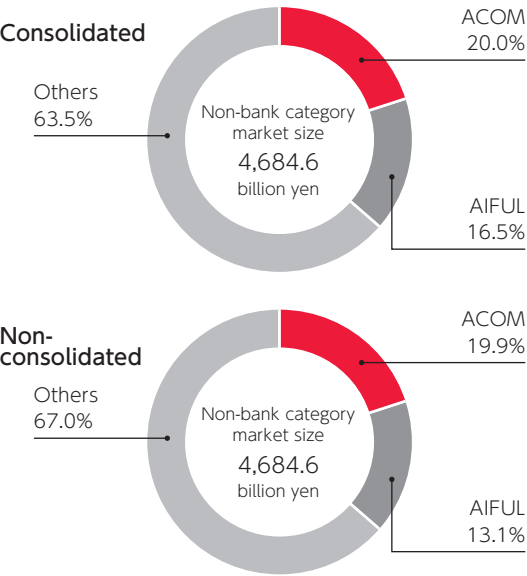
Market Environment and Outlook

At the end of March 2025, 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 market size continues to expand as the employment and income environment continues to improve. In addition to continued increases in demand for funds for leisure, travel, and dining, and other purposes, customer attitudes toward personal card loans are also gradually changing with the shift in the contract channel to the Internet. We anticipate continued annual market growth of around 3–4%.

Market Share (as of the end of March 2025)



* The market size of the non-bank category represents receivables outstanding (including loans by deed) based on statistics issued by the Japan Financial Services Association.

Strengths

The chief strength of the 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. We offer speedy financing in the form of “instant credit,” with as little as 20 minutes from application to screening response, with Internet based services that are no different from those provided in actual stores.

What is more, our network of approximately 600 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.

Review of the Previous

Medium-term Management Plan (FY2022–2024)

- Enhance brand strength by rebuilding perception

As part of our efforts to rebuild perceptions, we have formed a project and reviewed our marketing strategy in collaboration with external companies. In September 2024, we began airing a new commercial based on the concept of wanting to be close to people’s important moments.

- Provide high-quality customer experiences

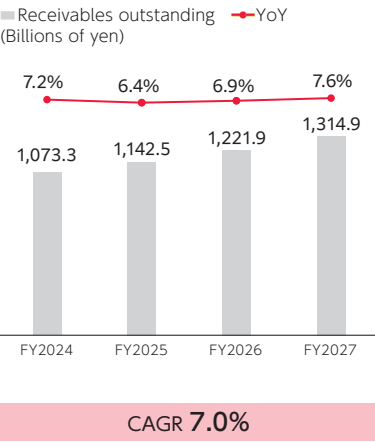
In 2022, we began offering support for Apple Pay® and Google Pay™, providing a service that allows users to use ACOM credit cards simply by holding their smartphone over the card reader, without having to carry a plastic card. We have also been working to implement an income certificate submission function utilizing the Myna (My Number) Portal API.

- Challenge to create new businesses and services for next growth

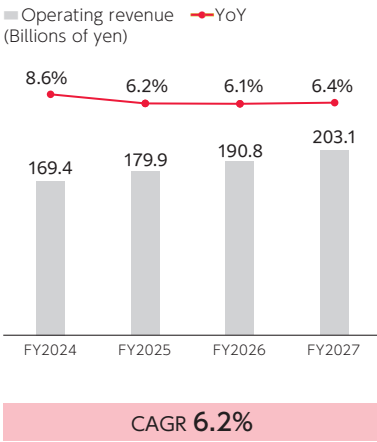
In April 2022, we established GeNiE, a consolidated subsidiary to engage in embedded finance, and began providing services in October 2024. In the six-month period ended March 2025, we have partnered with eight companies.

New Medium-term Management Plan (FY2025–2027)

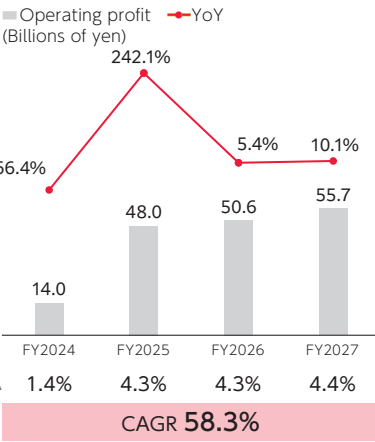
Receivables Outstanding



Operating Revenue



Operating Profit



Key Themes for the Medium-term

- Enhance brand strength by rebuilding perception
- Provide high-quality customer experience by good responses and speedy credit screening
- Expansion of business alliance partners by GeNiE Inc.

Targets

- By fulfilling customers’ immediate desires for “what they want” and “the services they would like to get” with peace of mind, we will ensure that ACOM is always chosen by customers.
- Increase GeNiE partners to 30 or more
- Aim for receivables outstanding of 1,314.9 billion yen, operating revenue of 203.1 billion yen, and operating profit of 55.7 billion yen

Message from the Director



Yuji Kinoshita
Executive Managing Officer

Under the new Medium-term Management Plan, we aim to work on improving the retention rate for existing customers, enhancing the level of receivables management and credit capabilities, and optimizing people and digital solutions, to deliver even more new conveniences.

To ensure that first-time customers can borrow with peace of mind, we will not only continue services such as zero-yen interest and immediate financing, but also review usage limits, including credit functionality, to increase the level of support from customers already using our services. We will also strengthen our systems to ensure that credit cards can be used with peace of mind, such as by utilizing generative AI to prevent damages due to fraudulent use of credit

cards and limit interference with genuine use.

Since the closure of all manned stores at the end of March 2023, we have been actively engaged in systemization and robotic automation to improve the convenience and self-operability of Internet services. In our pursuit of further convenience, we will expand customer channels by improving chat functionality and self-completion for incoming phone calls. While working to improve efficiency through digital initiatives, we will also aim to further improve customer services through repayment consultations and proposals that can only be made by humans, which cannot be supplemented by digital solutions alone.

In order to fulfil customers’ immediate desires for “what they want” and “the services they would like to get” with peace of mind, we will continue to deliver new conveniences with a top priority on responding to customer needs, and establish an even stronger business model as a leading company in the industry.

Guarantee Business

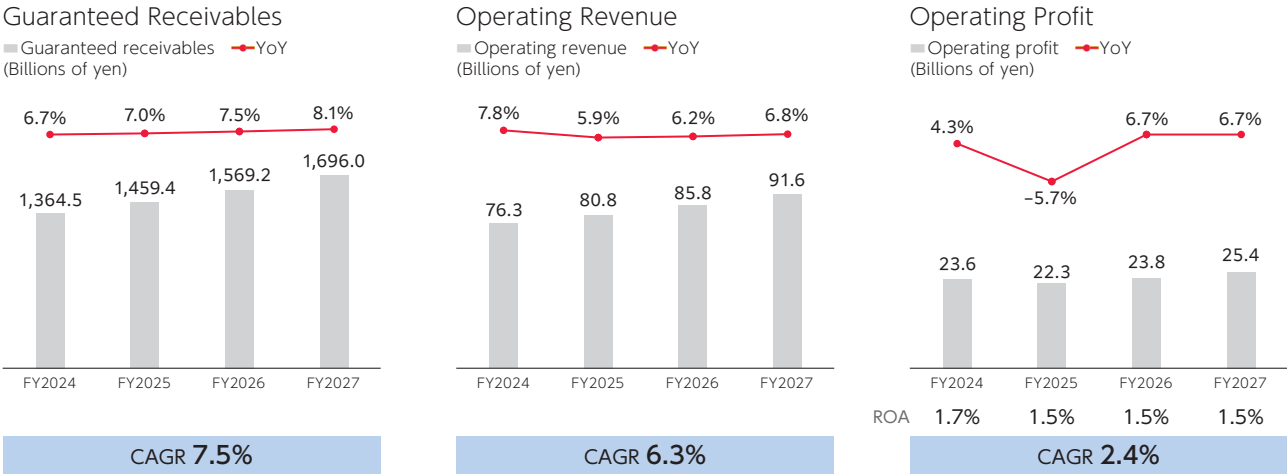


Overview

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 partner's requirements and work in tandem to achieve growth in loan products. 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. 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.

New Medium-term Management Plan (FY2025-2027)



Key Themes for the Medium-term

- Further strengthening cooperation with existing guarantee partners and expand new guarantee alliances

Targets

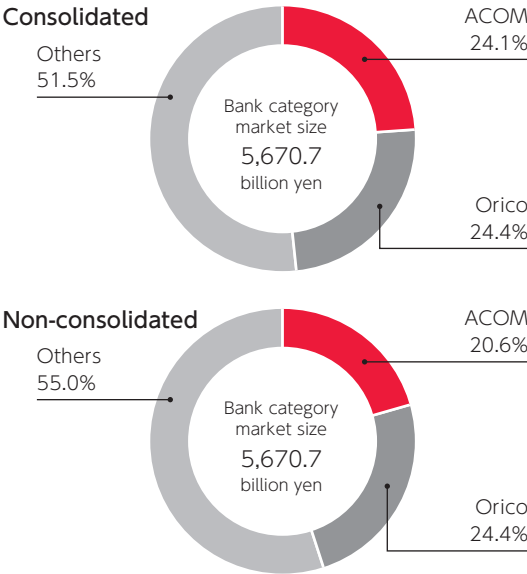
- Build unwavering partnerships with all-round support, and establish brands encouraging companies to partner with ACOM and continue working together as partners
- Aim for a credit guarantee balance of 1,696 billion yen, operating revenue of 91.6 billion yen, and operating profit of 25.4 billion yen
- Accumulate 20% of the 331.5 billion yen increase in credit guarantee balance through new guarantee partnerships

Market Environment and Outlook

The market size of the bank category at the end of March 2025 was approximately 5.6 trillion yen, of which ACOM Group's share exceeded 20%.

At present, the market size continues to expand as the employment and income environment continues to improve, with increased demand for funds for leisure, travel, and dining, and other purposes. Given the current robust demand for funds, we anticipate continued annual market growth of around 5%.

Market Share (as of the end of March 2025)



* The market size of the bank category represents the personal card loan receivables of domestic banks and shinkin banks based on statistics issued by the Bank of Japan.

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 20 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 200 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.

Review of the Previous

Medium-term Management Plan (FY2022-2024)

- Expand guarantee tie-ups with financial institutions and realization of guarantee tie-ups with business companies

Steady partnership negotiations yielded results, with ACOM launching a partnership with LINE Credit in March 2023, and MU Credit Guarantee launching partnerships with Minna Bank, Bank of Fukuoka, and Kumamoto Bank in February 2024. We were able to establish new guarantee partnerships with one company and three financial institutions during the Medium-term Management Plan period.

- Further strengthen ties with existing guarantee partners

To further strengthen cooperation with existing partners, we offered secondments to provide technical guidance and conducted training on telemarketing know-how for partners, and held meetings to exchange opinions. We also made proposals to improve the contract success rate of our partners and engaged in efforts to enhance customer convenience.

Message from the Director



Michihito Onodera

Senior Executive Managing Officer

Under the new Medium-term Management Plan, which begins in the fiscal year ending March 2026, we will work to build unwavering partnerships by

providing partners with continuously updated ACOM know-how, and aiming to establish two partnership brands, (encouraging companies to partner with ACOM and continue working together as partners). For this purpose, we began by restructuring our Guarantee Business Division in April. We established the Guarantee Business Promotion Department, with a two-part structure (Departments I and II) to achieve in-depth communication with partners, and renamed the former Guarantee Planning Department as the Guarantee Business Management Department, to centrally manage the Guarantee Business and solve various issues. In addition to increasing our business volume, we have also established the Compliance for Guarantee Business Office to strengthen our internal control functions more than ever before.

In terms of strengthening cooperation with existing guarantee partners, which is part of our medium-term key theme under the new Medium-term Management Plan, we will continue making proposals for technical guidance secondment and contract success rate improvement, and strive to revitalize existing guarantee partners through the improvement of UI and UX, through support for shifting to digital solutions, and the development of seamless contracts. In terms of expanding new guarantee partners, the other part of our priority theme, we will continue the basic Guarantee Business strategy (one prefecture, one bank) while aiming to partner with financial institutions in blank areas. We will also continue to establish guarantee partnerships with emerging financial institutions such as online banks. Through these efforts, we aim to achieve a credit guarantee balance of 1,696.0 billion yen in the final year of the new Medium-term Management Plan.

Going forward, we will continue to provide our partners with services that exceed expectations, as an ideal business partner, and aim to secure an overwhelming presence for ACOM with the top credit guarantee balance share in the industry.

Overseas Financial Business



Overview

We established loan businesses in Thailand, the Philippines, and Malaysia 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 grown to account for around 20% of 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. EASY BUY's high-quality services, underpinned by its customer-first philosophy, has earned the Company a solid base of customer support.

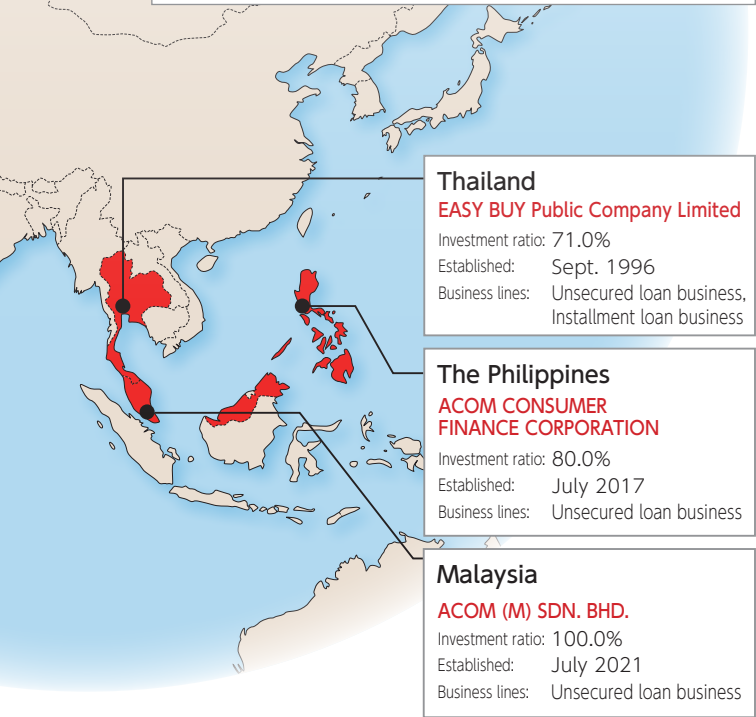
In the Philippines, which is experiencing rapid economic growth, we established ACOM CONSUMER FINANCE CORPORATION in July 2017 and began operations a year later.

Furthermore, in Malaysia, we established ACOM (M) SDN. BHD. in July 2021 and began operations in September 2023.

Market Environment and Outlook

The Thai personal loan market was worth around 500 billion baht (approximately 2.0 trillion yen) as of the end of December 2024, of which, the non-bank sector market was worth around 300 billion baht (approximately 1.4 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. The personal loan market is expected to shrink in the future due to the impact of various regulations.

The size of the unsecured personal loan market in the Philippines is approximately 500 billion pesos (approximately 1,400 billion yen). The range of banks handling unsecured loans for middle-income borrowers 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.

Review of the Previous

Medium-term Management Plan (FY2022-2024)

• Expansion into new countries

In order to expand into new countries, we launched a personal loan business in Malaysia in September 2023. In March 2024, we launched an online contract service that is completely web-based. Receivables outstanding and numbers of new customers are expanding steadily.

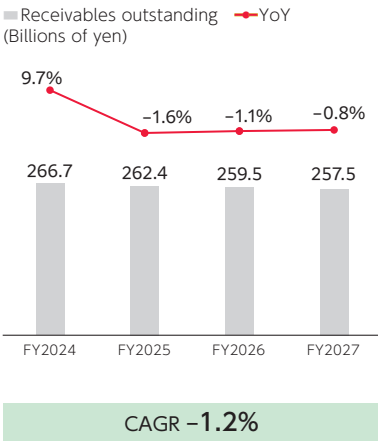
• Build our business base in countries where we already have a presence

Despite the impact of various regulations, EASY BUY has maintained its position as a leading company through digital transformation, such as the introduction of electronic payment services.

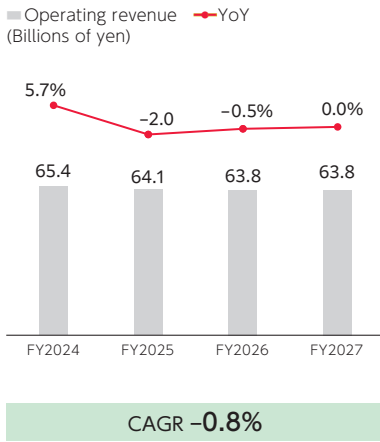
Although ACF was aiming for single-year positive profit in the fiscal year ended March 2024, this was postponed due to an increase in bad debt-related expenses due to the impact of the COVID-19 pandemic. We are currently working to tighten credit standards and develop and enhance our receivables management system to stabilize our receivables portfolio, aiming to achieve single-year positive profit during the new Medium-term Management Plan period.

New Medium-term Management Plan (FY2025-2027)

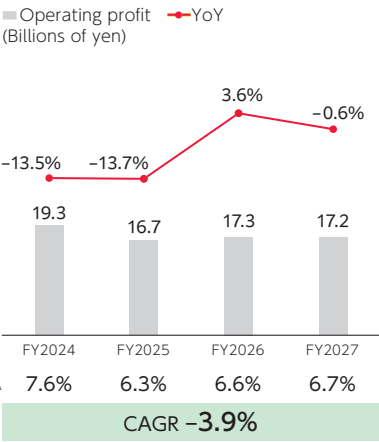
Receivables Outstanding



Operating Revenue



Operating Profit



Key Themes for the Medium-term

- Appropriate responses to regulations and maintaining a high-quality portfolio by EASY BUY (Thailand)
- Aiming to turn profits by ACF (Philippines) and ACM (Malaysia) at an early stage
- Expansion into new countries

Targets

- Aim to start new businesses in one or more countries during the three years of the Medium-term Management Plan
- Aim for receivables outstanding of 257.5 billion yen, operating revenue of 63.8 billion yen, and operating profit of 17.2 billion yen
- Aim for single-year positive profits at ACF (Philippines) and ACM (Malaysia) in the final year of the Medium-term Management Plan

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 ending March 2026. The first is to steadily implement strategies aiming to achieve stable growth and early-stage profitability at overseas subsidiaries. The second is to continue the process for selecting the new country we will enter after Malaysia, and to achieve market entry during the new Medium-term Management Plan period.

With regard to the first point, at EASY BUY in Thailand, we have been able to control the non-performing loan ratio (NPL ratio) in comparison with the market as a whole, while the market environment remains challenging due to the removal of deregulation and various laws and regulations put in place during the COVID-19 pandemic. We will continue to closely monitor trends in the movements of the authorities,

and work to build an efficient business system utilizing digital technologies. ACF in the Philippines will further improve business performance by tightening credit and strengthening its collection system. Finally, ACM in Malaysia is focusing on building a stable business structure, including the provision of online contracts, which began in 2024. Going forward, we will continue working to build a solid business structure and implement various sales measures to steadily expand our business and achieve early-stage profitability.

With regard to the second point, we will continue to select candidate countries for business, mainly in Asia (primarily ASEAN). Our new Medium-term Management Plan has now begun, starting with the fiscal year ending March 2026. During this plan period, we will work to assess the feasibility of businesses and methods of market entry in each country, and achieve business expansion into new countries.

Through these initiatives, we will make every effort to further develop the Overseas Financial Business.

Environment Policy

In recent years, environmental problems such as global warming have become more serious, and companies are required to take environmentally friendly measures such as reducing their emissions of CO₂ and other greenhouse gases. As a member of society, we will not only make effective use of limited resources and reduce the environmental impact of our corporate activities, but also actively engage in environmental preservation activities as part of our social contribution activities.

- 1. We will promote environmentally friendly corporate activities and strive to reduce social environmental risks.
- 2. We will comply with environment-related laws and regulations, and actively meet requests from society.
- 3. We will understand and verify the impact of our corporate activities on the environment and strive for continuous improvement.
- 4. We will endeavor to ensure that our employees understand this policy and to educate them about the environment.
- 5. We will make this policy public through our website and disclose it widely outside the company.

Response to Climate Change and Environmental Preservation

We take the impact of climate change on society and the economy seriously, and have positioned promoting environment-friendly business activities as one of our materialities (priority areas). Based on our Environment Policy, we strive to reduce our environmental impact through our business activities and respond to climate change from a medium to long-term perspective, thereby fulfilling our social responsibilities and increasing our corporate value.

We are also working to strengthen governance on climate change using the information disclosure framework proposed by the Task Force on Climate-related Financial Disclosures (TCFD), and raising the level of our risk management through scenario analysis.

Information Disclosures Based on the TCFD Recommendations

Governance

We have established a system in which the Sustainability Promotion Office (part of the Finance Department) takes the lead in formulating policies for addressing climate change and tracking the status of efforts, submitting agenda items and reporting to the Management Committee and the Board of Directors. The Board of Directors supervises the status of responses to climate change risks and opportunities.

Strategy

We believe that realizing a sustainable global environment is important for the continuation of our business activities. We have positioned promoting environment-friendly business activities as one of our materialities (priority areas).

We identify and recognize risks and opportunities related to climate change in our business activities, qualitatively analyze their impacts, and confirm the resilience of our management strategies. In response to the transition and transformation of a decarbonized society, we aim to increase our corporate value through the provision of financial services and the improvement of our product quality.

Risk Management

Our department in charge of the risks to be managed as stipulated in the Risk Management Regulations identifies, evaluates, and controls risks. The Compliance and Risk Management Department manages risks in an integrated manner. Risk management activities in the execution of business are reported at the Risk Management Report Meeting. The Risk Committee discusses and deliberates on important matters related to risk management, monitors the status of risk management, and makes recommendations and reports to the Board of Directors on the results.

As part of this risk management system, climate-related risks are managed within an integrated risk management framework based on our internal risk management system, since they are factors that generate and amplify credit risks, market risks, and other factors.

Metrics and Targets

We have set a target of achieving net zero greenhouse gas emissions (Scope 1 and 2) by the fiscal year ending March 2031. To achieve this target, we are driving the use of renewable energy and energy-saving measures.

For more information on our efforts to meet the TCFD recommendations, please refer to Promoting Environmentally Friendly Business Activities.

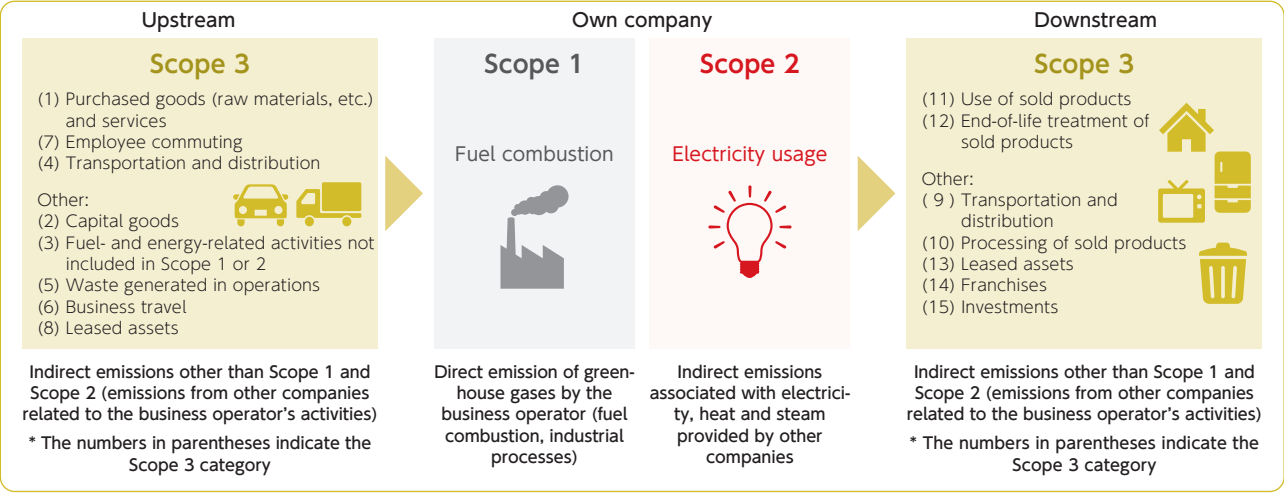
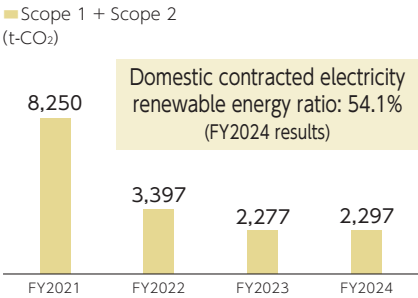


Environmentally Friendly Initiatives

Efforts to Achieve Net-zero GHG Emissions

Since our business operations do not use fuel, our Scope 1 emissions are limited, and we focus on reducing Scope 2 emissions. As of the fiscal year ended March 2023, all electricity used by our outlets and corporate locations that have direct contracts with electric power companies have switched to renewable energy. For those outlets and locations where the management company conducts electric power contracting, we are now gradually switching to renewable energy as well.

ACOM's Greenhouse Gas Emissions

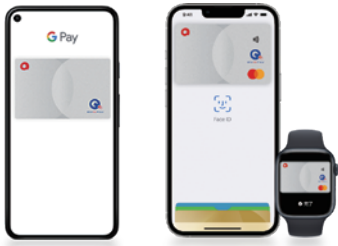


Source: Created based on <https://www.enecho.meti.go.jp/about/special/johoteikyo/scope123.html> (in Japanese)

Expanding Cardless Transaction Functions

One way we reduce environmental impact through our products and services is our cardless transaction functions for card loans and credit cards.

Customers can use and repay their card loans without using a card by scanning the QR code displayed at Seven Bank ATMs with a smartphone. For credit cards, customers can issue virtual cards on our app and use them to enjoy e-commerce and other shopping. We also support Apple Pay® and Google Pay™, allowing customers to shop without a card through in-person channels as well. Furthermore, we offer other methods for cardless use and repayment, such as money transfers to a financial institution account in the customer's name, repayment via the Internet, and direct debit (automatic withdrawal). Customers can enjoy both card loans and credit cards without card issuance, helping to reduce plastic usage.



We will continue our efforts to conserve limited resources while simultaneously improving convenience for our customers.

Promoting Paperless Operation

By putting some of the documents we send to our customers into paperless (electronic) form, we conserve resources while improving customer convenience. Customers who want to receive issued documents in electronic form can download contract-related documents and transaction-related statements from the members' site.

Within the Company, we are working on switching to electronic forms for various application procedures, salary statements, in-house magazines, contracts agreed with business partners, and the like, reducing our use of resources. We are also promoting paperless operation of our various meeting bodies, for the sake of efficient meeting operation and environmental protection.