


Seed the Future.

JACCS



Annual Report 2022

For the Fiscal Year Ended March 31, 2022

A member of  MUFG

Profile

JACCS Co., Ltd., is a consumer finance company and a member of Mitsubishi UFJ Financial Group, Inc. (MUFG).

JACCS started out in 1954 in Hakodate, Hokkaido, as a provider of monthly installment credit services for use at department stores. Since then, JACCS has developed its business earnestly with the objective of contributing to the realization of more affluent lifestyles by its customers. Today, the Company offers a diverse array of products and services in the consumer finance field, both domestically and overseas. The JACCS Group's main businesses in Japan are the credit business, the credit card and payments business, and the financing business. Overseas, the Group is developing its business in four ASEAN member countries, centering on the provision of credit for the purchase of motorcycles and automobiles.

These products and services are provided to customers through relationships developed with a wide range of partners, including business operators and financial institutions. Hence, they contribute not only to more affluent lifestyles for customers but also to the growth of these partners.

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Editorial Policy

JACCS Annual Report aims to clearly explain to shareholders, investors, and other stakeholders the initiatives that the JACCS Group is taking to realize sustainable growth, as well as the drivers of the Group's value creation. Hence, the report contains an expanded level of non-financial information, including the structure of the Company's philosophy and vision, management strategy, and business strategy, in addition to environmental, social, and corporate governance (ESG) information. Furthermore, from the fiscal year ended March 31, 2022, the Company provides disclosure in accordance with such frameworks as the TCFD.

Reference Guidelines

International Integrated Reporting Framework, Value Reporting Foundation
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, Ministry of Economy, Trade and Industry (METI)

JACCS Group Mission, Vision, and Values (MVV)

MISSION

Our core values—including the Company's raison d'être and mission—expressed in universal terms. The mission is something the JACCS Group pursues unceasingly.

Management Principle

“JACCS contributes to the realization of a future inspired by dreams and an affluent society.”

VISION

A medium- to long-term vision based on the mission, which describes a destination or how the Company wants to evolve by a certain point in time. The way the Company wants to look after a certain period of time.

Long-Term Vision

Establish JACCS' position as a leading brand among Asian consumer finance companies

How the Company should look in three years' time, according to the three-year medium-term business plan

1. Enhance earnings base in the domestic business that leverages the Group's strengths
2. Establish earnings base in the overseas business capable of driving future growth
3. Strengthen management structure to accelerate growth in the domestic and overseas businesses
4. Promote ESG management

VALUES

The values and principles for action prized by the Company and its employees, as they work toward the realization of their mission and vision.

JACCS' Founding Philosophy

信為萬事本

The essence of JACCS' founding philosophy is expressed in these Chinese characters, which may be translated as, “Trust is the basis for all.” Since JACCS' establishment, we have remained faithful to our founding philosophy—a strong belief that trust and reliability form the cornerstone of all our activities, taking precedence in our relationships with consumers and business partners.

Code of Conduct and Ethics

- We will conduct business activities in compliance with laws and regulations.
- We undertake business activities that value people highly.
- We carry out business activities in a manner that places a high value on trust.
- We maintain a fair and transparent corporate culture.
- We carry out business activities in accordance with the principle of social justice.
- We carry out business activities in a manner that thoroughly protects personal information.
- We carry out business activities while recognizing our corporate social responsibility.

Basic Policy on Sustainability

Based on the management principle that “JACCS contributes to the realization of a future inspired by dreams and an affluent society,” the JACCS Group contributes—through its business operations—to solutions to the challenges faced by society, while maintaining the confidence and trust of its stakeholders. Through these efforts, the Group aims to realize a sustainable society and raise its corporate value.

Reporting Period

Fiscal year ended March 31, 2022 (April 1, 2021–March 31, 2022)

A portion of the content of this report includes information about periods up to and including the fiscal year ended March 31, 2021, and information about and activities planned for periods from the fiscal year ending March 31, 2023, onward.

Scope of the Report

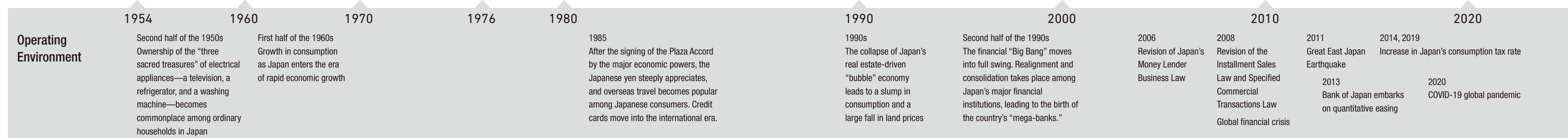
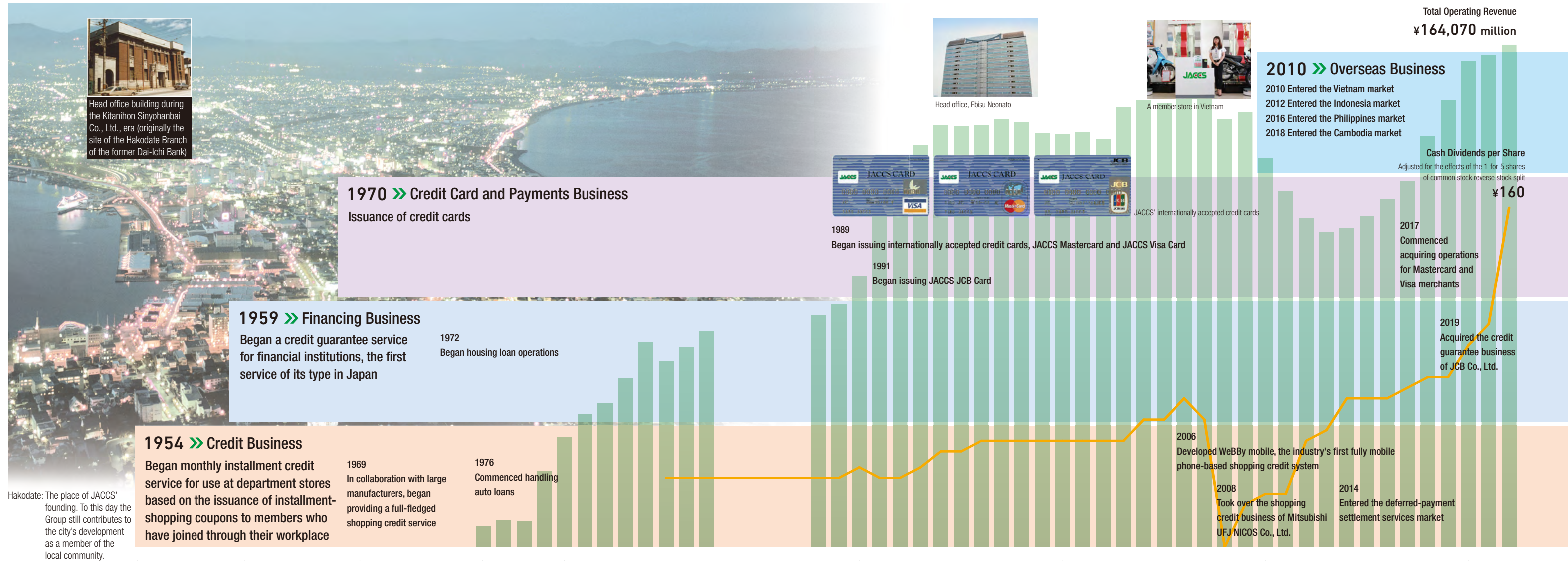
JACCS Co., Ltd., and its domestic and overseas Group companies

Forward-Looking Statements

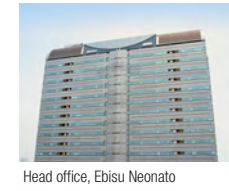
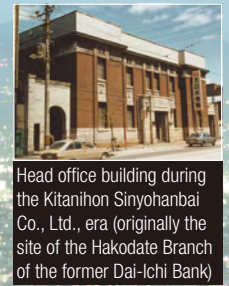
The financial data and other business-related information in this report has been prepared to inform JACCS stakeholders about the business. Any forecasts regarding future performance contained in these materials are based on estimates and the best judgments of the Company, without guarantee or security. Readers are advised not to make investment decisions based solely on the information contained in these materials. All business and financial data relate to the consolidated operations of the Company, unless otherwise noted.

History of the JACCS Group

The history of the JACCS Group over the past 68 years has been one of ceaseless challenge to enhance convenience for consumers. This has been underpinned at the foundations of all our businesses by JACCS' founding philosophy, "Trust is the basis for all."



Hakodate: The place of JACCS' founding. To this day the Group still contributes to the city's development as a member of the local community.



At a Glance

Environment / Social Issues

Pandemic
Restrictions on economic activity
Changes in lifestyles and consumer behavior

Decreasing birth rate and aging population
Decline in the working-age population

Expansion of e-commerce market
Progress of cashless society
Continuation of low interest rate environment

Economic growth in ASEAN countries

Spread of decarbonization products and services

Climate change
Natural disasters

Diversification of values and lifestyles

Technological innovation in such fields as IT, AI, and DX

Management Resources and Strengths

Aggregate balance of operating receivables

¥6,364.9 billion

Number of employees

6,145

Years of business operation

68 years

Five major business functions

Credit research, bill collection, account and administrative processing, lending, and credit guarantee

Stable operation of core computer system, backup center

Investment in development of new IT and computer system

¥7.6 billion

Business locations

74 locations in Japan, overseas operations in four ASEAN countries

Number of credit card members

6.54 million members

Number of partner financial institutions for credit guarantees

More than 600 institutions

MUFG Group

Credit worthiness / credit ratings

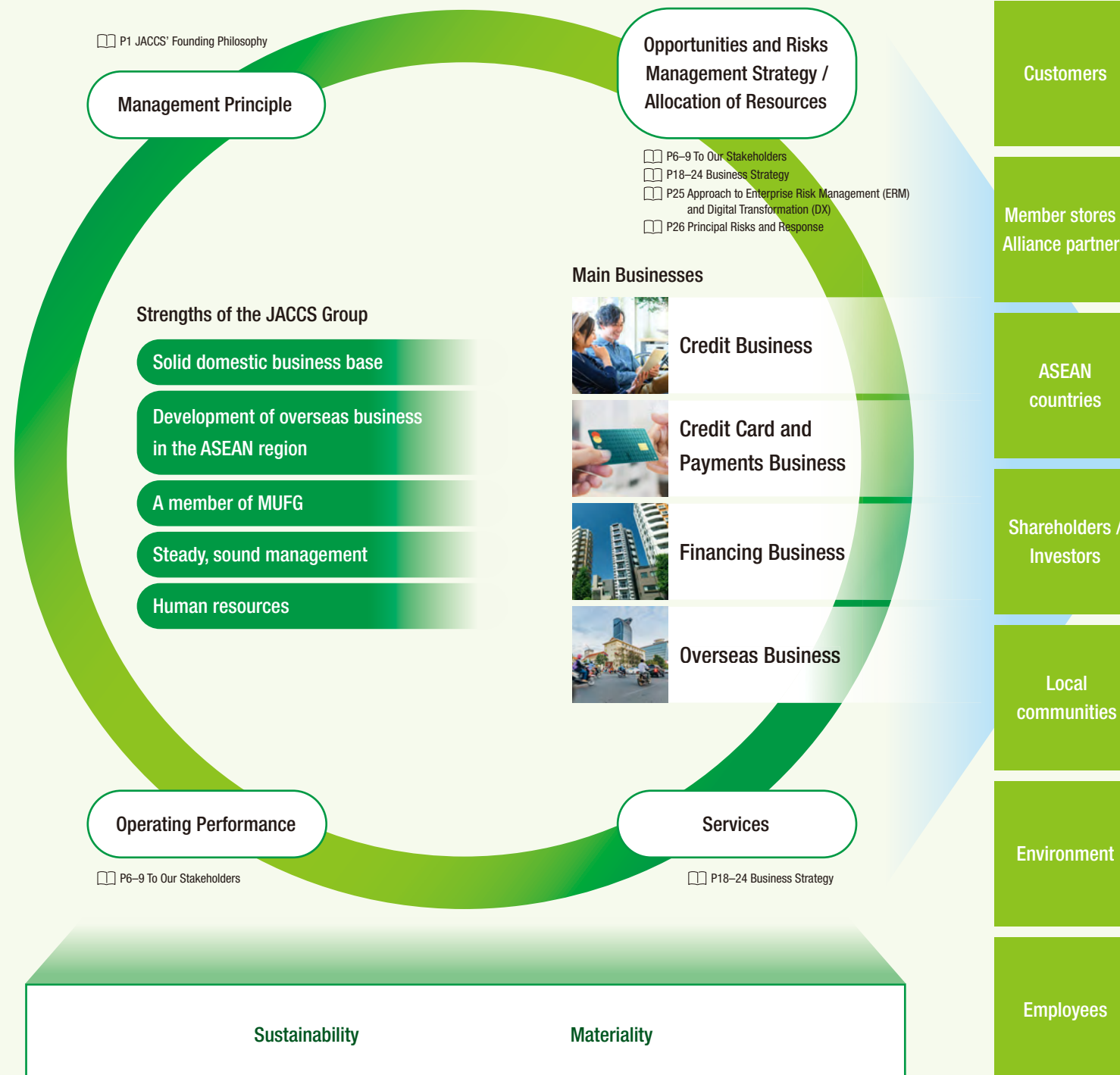
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Three-Year Medium-Term Business Plan, "MOVE 70" (2023 – 2025)

MOVE70

How the Company should look in three years' time:

- Enhance earnings base in the domestic business that leverages the Group's strengths
- Establish earnings base in the overseas business capable of driving future growth
- Strengthen management structure to accelerate growth in the domestic and overseas businesses
- Promote ESG management



Operating Performance / Results

Total volume of new contracts

¥5,273.2 billion

Total operating revenue

¥164.0 billion

Ordinary income

¥26.7 billion

Net income attributable to owners of the parent

¥18.3 billion

ROE

10.3%

Dividend yield

5.2%

Solar loan volume of new contracts

¥44.7 billion

Employees' average monthly overtime hours

8.9 hours

Ratio of female managers

9.0%

Value Provided to Society

Rich and fulfilling lives of consumers

Convenient, user-friendly, safe, and secure payment functions

Revitalization of consumption



Reduction of environmental burden and conservation of resources



Healthy and stimulating work environment



To Our Stakeholders



Ryo Murakami
President, COO and
Representative Director

Toru Yamazaki
Chairman, CEO and
Representative Director

Greetings on My Appointment as President, COO and Representative Director

My name is Ryo Murakami, and I was newly appointed as President, COO and Representative Director of JACCS Co., Ltd., in June 2022. I wish to take this opportunity to express my sincere gratitude to all our shareholders, investors, customers and business partners, as well as to all the local communities in which we operate, for the ongoing support JACCS receives.

I joined JACCS in 1985 and have been working for the Company for 37 years. For over 30 years of that time, I have worked in roles related to operations in JACCS' core credit business. While not wanting to give the impression of boastfulness, one of the things I am proud of is that JACCS' credit business has achieved the leading market share within its field in Japan. It is also worth recalling that during the period from 2007 to 2008, JACCS became a member of Mitsubishi UFJ Financial Group, Inc. (MUFG), while grappling with a range of difficult circumstances. This included our performance falling into the red accompanying revisions to Japan's Installment Sales Law and Money Lender Business Law, and JACCS taking

over the shopping credit business of Mitsubishi UFJ NICOS Co., Ltd. However, for me, two important principles played a crucial role in successfully overcoming these challenges.

The first principle is that it is absolutely critical to maintain a close, good faith relationship with our member stores. The information we receive from member stores provides us with timely insights into consumer needs. I am completely open about how I characterize our business model—I argue that it is not business-to-business-to-consumer (BtoBtoC), but is in fact business-for-business-to-consumer (BforBtoC). The second principle is that actions speak louder than words. To put it another way, this is the philosophy whereby after embarking on a project, one does not make excuses stemming from the operating environment, but rather each individual involved is accountable for reaching their targets and sees the project through to completion. As illustrated by these principles, I am primarily focused on the personal growth of each individual.

Evaluation of Operating Performance in the Fiscal Year Ended March 31, 2022

The highlights of our operating results in the fiscal year ended March 31, 2022, include the continuing robust performance of the domestic business—centering on the parent company—along with the recovery in the performance of the overseas business. Underpinned by these performances, total operating revenue increased on both consolidated and non-consolidated bases for the ninth consecutive fiscal year. Consolidated ordinary income and net income attributable to owners of the parent both set new record highs. Driven by enhanced profitability, return on equity (ROE) rose to 10.3%, substantially eclipsing the 7.2% ROE recorded in the previous fiscal year. Based on operating performance and the Company's dividend policy, the cash dividend applicable to the fiscal year ended March 31, 2022, totaled ¥160.00 per share—a ¥55.00 per share increase compared with the previous fiscal year. As a result, the dividend payout ratio was 30.2%.

In the final year of the previous medium-term business plan, RAISE 2020—the fiscal year ended March 31, 2021—although the Company achieved its targets for ordinary income, net income attributable to owners of the parent, and ROE, total operating revenue fell short of the target set—reflecting the impact of the COVID-19 pandemic. I take seriously the fact that we were unable to achieve our revenue target, while taking into consideration the situation at the time in the four overseas markets in which JACCS was operating. The Group faced uncertainty regarding such factors as trends in COVID-19 infection rates. The fiscal year ended March 31, 2022, was positioned as a preparation period preceding the new medium-term business plan, which commenced in April 2022. During this one-year period, we made

steady progress in resolving issues that manifested during the previous medium-term business plan, and in the implementation of measures aimed at realizing a recovery in the overseas business.

JACCS maintains an appropriate balance of deferred installment income and balance of credit guarantees in its credit business and financing business. Underpinned by this, the Company has a stable earnings structure, which ensures that revenue is not significantly affected by short-term changes in the volume of new contracts. However, we were in a situation that demanded further cost reductions owing to an uncertain economic environment in the near future. These reductions included those in the credit card field, which had a relatively low contribution to profitability, and were implemented with the objective of putting in place an appropriate cost structure commensurate with earnings generated. Based on this strategy, in the fiscal year ended March 31, 2022, in addition to such cost reduction initiatives as those relating to requests for the issuance fee of printed credit card customer monthly statements and requests for annual membership fees, the Company also flexibly pursued such measures as realignment of branch offices and personnel. These efforts contributed significantly to the aforementioned operating results. Although there were concerns that expenses related to doubtful accounts may rise, even during the COVID-19 pandemic, customers' repayment capacity was not impaired, and this led to a reduction in expenses related to doubtful accounts. I believe that this point also had a positive impact on the robust operating performance recorded during the fiscal year under review.

Formulation of the New Three-Year Medium-Term Business Plan, "MOVE 70"

During the fiscal year ended March 31, 2022, the Company thoroughly reevaluated its outlook for the future operating environment. Based on accumulated discussions within the management team, JACCS formulated MOVE 70, the Group's new three-year medium-term business plan, and

moved to the implementation phase. Within the formulation process for MOVE 70, the Company examined specific measures to be included in the plan after redefining the Group's long-term vision, which describes how the Company should look in the medium to long term.

Results of the Fiscal Year Ended March 31, 2022 (Strategy Covering Single Fiscal Year)

(Billions of Yen)

	ACT-Σ		RAISE 2020			Strategy Covering Single Fiscal Year
	2018	2019	2020	2021		2022
	Results	Results	Results	Results	Result vs. plan*1	Results
Revenues	134.0	145.8	158.6	160.6	94.7%	164.0
Non-Consolidated	119.6	127.0	134.7	135.3	96.8%	138.2
Ordinary Income	12.7	14.4	16.7	16.5	102.1%	26.7
Non-Consolidated	11.3	13.5	15.0	18.1	161.9%	23.5
Net Income Attributable to Owners of the Parent	7.8	8.9	10.7	11.7	110.5%	18.3
ROE	5.5%	6.0%	7.0%	7.2%	Exceeded target by 0.7 percentage point	10.3%
Dividends per Share (Yen)	80 *2	80	95	105	—	160

*1 "Result vs. plan" is the actual result as a percentage of the numerical target set in the plan.
 *2 In October 2017, the Company executed a reverse stock split (consolidation of shares) at a ratio of 1-for-5 shares of common stock. Dividends per share shown for the fiscal year ended March 31, 2018, have been retroactively adjusted to reflect the effects of the stock split.

The Group's long-term vision of "establishing JACCS' position as a leading brand among Asian consumer finance companies" had been set at the time that ACT-Σ—the medium-term business plan that preceded RAISE 2020—was launched. It described how the Company should look in 2025, which was 10 years in the future at that point. During consultations held by the management team to formulate MOVE 70, the first theme put up for discussion was whether or not this vision could be reached in three years' time. The outcome of these discussions was that, first of all, a time limit for realizing the vision should not be set, and it was decided that the Group would retain this vision. Hence, we clarified the Group's mission, vision, and values (MVV) hierarchy, described how the JACCS Group should look in three years' time based on four key policies, and identified five areas of materiality while referring to opinions received from a broad range of internal and external stakeholders.

How the Company Should Look in Three Years' Time

Within MOVE 70, we have included four key policies that describe how the Company should look in three years' time. The first of these policies states that the Company should "enhance earnings base in the domestic business that leverages the Group's strengths." This policy aims to further deepen the foundations of the domestic business, which has already established a base to a certain level. In the credit business, which has achieved the top market share in its field in Japan, we will work to further deepen the business' base through such strategies as business alliances and collaboration, and expansion of the volume of new contracts for products that promote decarbonization. In the credit card and payments business, which is characterized by a very fierce level of competition, while working to enhance linkage with the credit business and financing business, we will aim to achieve growth as a business that will reliably generate earnings through the provision of a diverse payment menu that leverages digital technologies and other innovations.

The second policy states that the Company should "establish earnings

In the pursuit of outcomes under MOVE 70, I believe that the basis and crucial point underpinning this process is whether each employee involved in executing the plan fully understands the essential meaning of the plan. With this aim, we ran an "Executive Caravan" to explain the content of MOVE 70 at all the Group's business offices and locations in Japan and abroad. Responsibility for carrying out the Executive Caravan was shared among all the Company's directors and executive officers. The main concept driving the Executive Caravan was to initiate direct dialogue between employees and executives. MOVE 70 has only just gotten underway, but all employees and officers are unified in their commitment to making steady progress in the plan's execution.

base in the overseas business capable of driving future growth." From the perspective of the advance of Japan's super-aging society and a declining population trend, in the long term the overseas business may become the Company's top priority. However, at present the reality is that the overseas business is still at the stage of establishing its earnings base. With regard to recent developments, in June 2022 the Group obtained a micro-finance license from the National Bank of Cambodia, and newly began the provision of personal loans. While studying the potential for entering a new country market, in the overseas business for the foreseeable future we will be pursuing a strategy of striving to develop the business base and earnings base through such measures as expansion of geographic coverage in each country and adding to the lineup of products handled. In addition, we are also working to strengthen corporate governance systems in the overseas business. We have moved to a structure whereby each department within the JACCS parent company communicates directly with the local JACCS subsidiary in each country. Although overseas business development involves exposure to

geopolitical risks, through the changes in lines of reporting on this occasion, we are working to ensure that robust corporate governance and internal control systems extend to our overseas operations.

The third policy states that the Company should "strengthen management structure to accelerate growth in the domestic and overseas businesses." Specifically, through a strengthened strategic partnership with the MUFG Group, we will not only generate synergies in existing fields—such as the credit business and financing business—but will also aim to develop collaboration in new digital fields, and further reinforce the Company's financial base in such areas as fundraising. Furthermore, while promoting digital transformation (DX) to bolster the top line and working to enhance the sophistication of enterprise risk management (ERM) to ensure

DX Initiatives

If we look at the Company's present status, despite holding big data, the reality is that our current capabilities to use and apply this data are not very extensive. With regard to the promotion of DX, not only are we aiming to optimize our operations, we have also developed a policy of pursuing DX that will lead to further strengthening of our marketing capabilities, and DX that adds value to our products. In an environment where opportunities for face-to-face selling are decreasing, I believe that this type of DX policy will help to meet the expectations of member stores and consumers. In securing the human resources necessary to promote DX—which is expected to be a critical factor

Initiatives Related to Sustainability

To coincide with the formulation of MOVE 70, the Company has newly set out its sustainability policy, and has identified five areas of materiality.

In the area of the environment, we have launched information disclosure initiatives that conform to such frameworks as the Task Force on Climate-related Financial Disclosures (TCFD). We can also cite a range of initiatives that address challenges faced by society through our business operations. These include the promotion of credit products that handle EVs, the issuance of credit cards that utilize recycled waste plastic, and the adoption of information security practices that contribute to the maintenance of a safe and secure society. With regard to human capital, the Company has an extremely high

A Message to Our Shareholders and Investors

If I may be allowed to use my own slightly idiosyncratic metaphor, I would not have a problem if JACCS were to play a role in society similar to that played by *kuroko* (stage hands or running crew dressed all in black) in traditional Kabuki theater. By being involved in the purchase of—and payment for—products and services in Japan and overseas, we wish to help in the creation of "a future inspired by dreams" and "an affluent society," as stated in our management principle. This will become a point of pride for JACCS officers and employees, and I believe that it will become an important driver of the Company's growth. This will lead to the Group's sustainable growth, and also enable us to deliver stable and continuous returns to our shareholders and investors.

The final fiscal year of MOVE 70 will coincide with the 70th anniversary

a balance between profitability and risk, we will aim to generate sound, sustainable growth.

The fourth policy states that the Company should "promote ESG management." Within this framework, I believe that initiatives relating to the environment will become a central focus. In the Company's credit business, we are promoting loans that support the adoption of such products as solar power generation equipment and storage batteries. In addition to these, by leveraging the high percentage of imported vehicles handled through JACCS' credit operations, in the future we will strive to bolster our handling of electric vehicles (EVs), which are expected to contribute significantly to the reduction of environmental burden.

for success—we must keep in mind that in our business field an extreme level of product or service differentiation is generally not a realistic proposition. Based on this understanding, rather than simply relying on personnel from external sources, our fundamental policy is to develop DX human resource capabilities within the Group. With regard to future investment related to DX, since we have to date conducted an ongoing investment program in IT systems, we do not envisage the need for an especially large investment amount. Rather, we believe that in the future an investment amount at a similar level to our IT investment program to date will be sufficient.

proportion of female employees, and each year the percentage of management-level positions held by women is steadily rising. However, it is also a fact that for a variety of individual reasons, some female employees do not wish to pursue promotion to management positions. On this point, based on a recognition that this situation also reflects issues on the Company side, we are currently undertaking efforts to improve awareness and the work environment. In addition, to enhance the level of sophistication of our corporate governance systems, we will continue to study what type of organizational design would be the most appropriate for JACCS.

of JACCS' founding. We are, of course, looking forward to the successful completion of MOVE 70, and celebrating the Company's 70th anniversary together with all our stakeholders. But looking further ahead, while placing particular importance on the development of people, we want to set our sights on sustainable growth and the Company's centenary. Please look forward to the evolution and growth of the JACCS Group well into the future.

September 2022



Ryo Murakami
 President, COO and Representative Director

Message from the Chief Financial Officer



Takashi Saitou
Director, CFO and Senior Managing Executive Officer

Evaluation of the Financial Strategy during the Fiscal Year Ended March 31, 2022

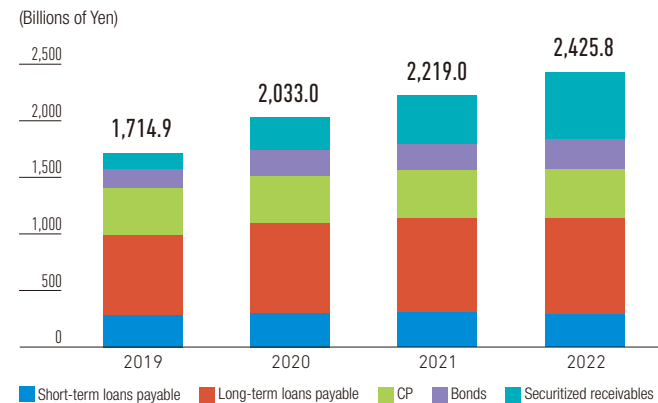
The Company is striving to bolster its earnings capacity by leveraging the JACCS Group's combined strengths and building a diverse earnings base. To meet the needs of these business strategies, during the fiscal year ended March 31, 2022, the Company expanded the amount of loans payable under securitization of receivables as the core of its fundraising program within its financial strategy. This was supplemented by borrowings from financial institutions centering on the Group's principal financing bank, the issuance of corporate bonds—including green bonds—and the flexible use of commercial papers. Through this program, we worked to raise the funds required by the Group in a stable manner, and reduce funding cost.

To support the current high level of interest-bearing liabilities, we redefined the financial risk to which the Company is exposed into liquidity risk, interest rate risk, and refinancing risk, and newly constructed a framework to quantitatively evaluate each of these risks. Hence, we worked to increase the sophistication of our asset and liability management (ALM).

As a result, on a non-consolidated basis, interest-bearing debt increased by ¥206.7 billion during the fiscal year ended March 31, 2022. Meanwhile, the increase in annual fundraising costs was limited to ¥600 million. Hence, we were able to secure sufficient funding to meet the Group's growth needs at low interest rates. Based on ALM conditions, almost all of the additional amount of interest-bearing debt was met through long-term, fixed-rate fundraising executed via direct financing. Consequently, the ratio of fixed-rate fundraising

increased from 63% to 67%, and the direct financing ratio (including loans payable under securitization of receivables) rose from 49% to 53%. Hence, we diversified fundraising methods and built a balanced funding portfolio.

Borrowings under RAISE 2020 and the Subsequent Fiscal Year's Strategy (Non-Consolidated)



Financial Strategy under the New Medium-Term Business Plan "MOVE 70"

Under MOVE 70, we are accelerating efforts toward the realization of four key policies*¹ that describe how the Company should look in three years' time, and measures to address five areas of materiality*² that the Company has identified. Furthermore, to support the sustainable growth of the Group as a whole, we are further expanding loans payable under securitization of receivables—which form the core of our fundraising—and are broadening our financial base by actively utilizing sustainable financing, including green bonds, which adhere to ESG management principles. In addition, within an operating environment characterized by rising interest rates globally, we are pursuing financial management that adapts to market trends. This includes carefully examining the operating environment utilizing sophisticated ALM tools, and executing transactions—as necessary—to fix interest rates through such instruments as interest rate swaps. Although the ratio of fixed-rate fundraising on a non-consolidated basis was 67% in the fiscal year ended March 31, 2022, we have set an approximate target of 72% for the fiscal year ending March 31, 2025—the final year of the medium-term business plan.

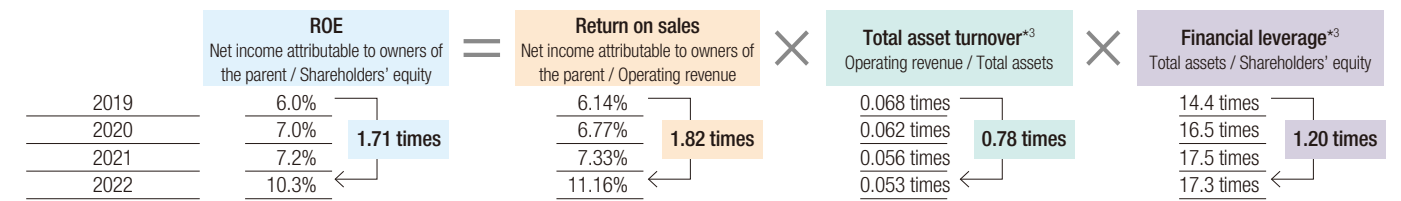
In my view, issues that the Company must address include the adequacy of shareholders' equity, and verification and disclosure of our risk resilience. JACCS' core business is retail finance. Consequently, the Company's receivables portfolio is spread over a large number of small-amount receivables. The balance of deferred installment income—which represents a significant portion of the Group's future revenue—has reached ¥204.4 billion on a consolidated basis. In light of this fact, I believe that the Company's actual level of risk resilience is adequate. However, we have received comments from some stakeholders that based solely on information contained in the consolidated balance sheets, it is difficult to ascertain the sufficiency of capital.

Taking on board such opinions, we have built an ERM framework underpinned by sophisticated ALM, and will utilize this to verify capital adequacy that corresponds to the Company's level of risk exposure, while maintaining financial soundness. Henceforth, we will consider disclosure of such

information, and elucidate the feasibility of sustainable business growth based on the capital soundness of the JACCS Group.

*1 For details, please refer to pages 16–17, "MOVE 70: JACCS' New Three-Year Medium-Term Business Plan."
*2 For details, please refer to page 27, "Materiality."

ROE and Analysis under RAISE 2020 and the Subsequent Fiscal Year's Strategy



*3 From the first quarter of the fiscal year ending March 31, 2023, the Company has adopted a change to accounting treatment whereby finance receivable-installment and finance receivable-installment sales-credit guarantee are no longer presented on the consolidated balance sheets. This change has been reflected through retroactive adjustments to information disclosed for each fiscal period.

Policies Aimed at Raising ROE

In the fiscal year ended March 31, 2022, ROE was 10.3%, an increase of 3.1 percentage points compared with the previous fiscal year.

In the fiscal year under review, operating revenue increased, underpinned by revenue growth derived from the balance of deferred installment income and the balance of credit guarantees. Key drivers of this increase included auto loans and housing loans in the domestic non-consolidated business. On the expense side, we pursued cost structural reforms, including progress in systemization and moves to optimize the Company's branch office network, as well as an overhaul of credit card-related expenses. Furthermore, continuing on from the previous fiscal year, by successfully reining in the occurrence of receivables in arrears, operating expenses decreased and we were able to achieve a substantial increase in profit.

In the overseas business, although operating revenue decreased, reflecting the impact of the COVID-19 pandemic, in Indonesia the amount of profit increase grew. The main drivers of this were a rebound from the previous fiscal year, in which there was a large increase in the provision of allowance for doubtful accounts, leading to a decrease in expenses related to doubtful accounts in the fiscal year under review, and a decline in financial expenses, reflecting the unwinding of effects from depreciation of the Indonesian rupiah.

As a result, consolidated total operating revenue increased for the ninth consecutive fiscal year. Both ordinary income and net income attributable to owners of the parent surpassed the previous record highs by significant margins. Improvement in profitability driven by curtailment of expenses in the domestic and overseas businesses contributed substantially to raising ROE.

Under MOVE 70, we have set an ROE target of 11.3% at the conclusion of the three-year plan, an improvement of 1.0 percentage point compared with the fiscal year under review. The mainstays driving revenue increase will be auto loans and housing loans at the parent company, as well as the overseas business. In both the domestic and overseas businesses, we are promoting IT system investment and the Group's DX strategy, which will drive earnings growth and improvements in productivity. We will also carry out investments aimed at reinforcing security measures, which will make possible the provision of services that are safe, secure, and offer a high level of convenience. In addition, through the execution of ERM-based business portfolio management,

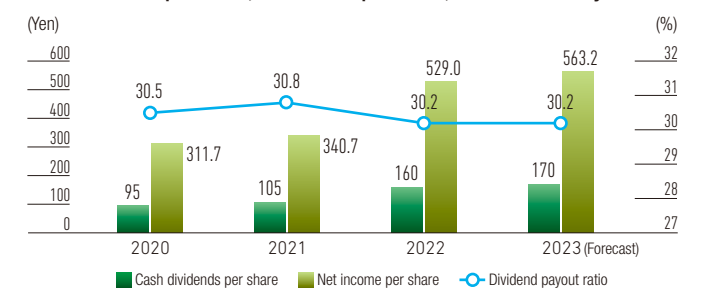
we will continue a program of proactive and defensive growth investments. By raising profitability while enhancing business stability, we are aiming for further improvement in ROE.

Shareholder Return

The Company believes that delivering stable shareholder return is a key management task. Simultaneously, the Company recognizes that the level of shareholder return should reflect operating performance. JACCS' fundamental policy regarding distribution of profits is to maintain internal reserves—necessary for ensuring financial soundness and generating further growth—and make decisions on dividends while taking into account a comprehensive range of factors. These include net income performance, the Company's financial position, and the dividend payout ratio. Based on this policy, the Company implemented a dividend increase in line with operating performance and its approximate dividend payout ratio target of 30%. The dividend reflected the fact that operating results in the fiscal year under review greatly surpassed initial forecasts.

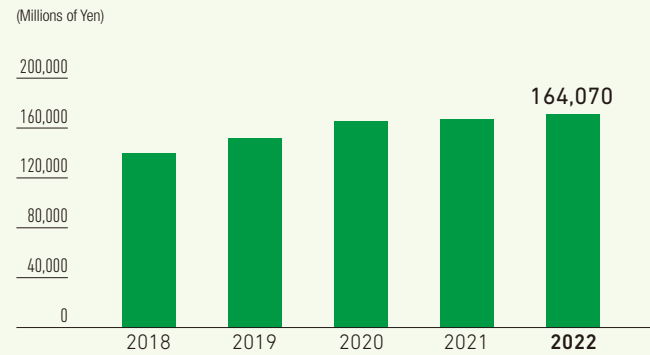
With regard to the direction of capital policy, based on ERM, the Company will quantify capital, risk, and earnings, and focus on maintaining a balance between financial soundness, capital efficiency, profitability, and shareholder return. Based on this policy, the approximate dividend payout ratio target under MOVE 70 has been kept at 30%. With regard to the fiscal year ending March 31, 2023, we are forecasting a total cash dividend of ¥170.00 per share, including an interim cash dividend of ¥85.00 per share.

Cash Dividends per Share, Net Income per Share, and Dividend Payout Ratio

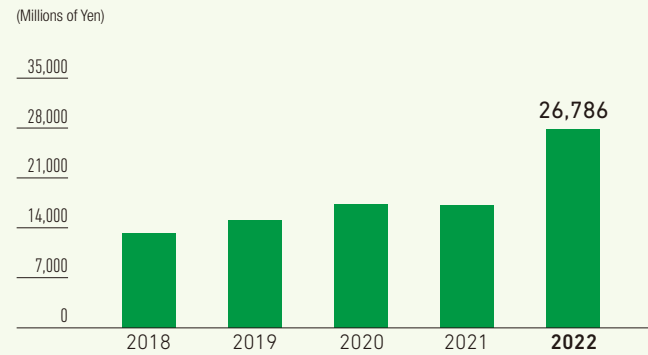


Financial and Non-Financial Highlights

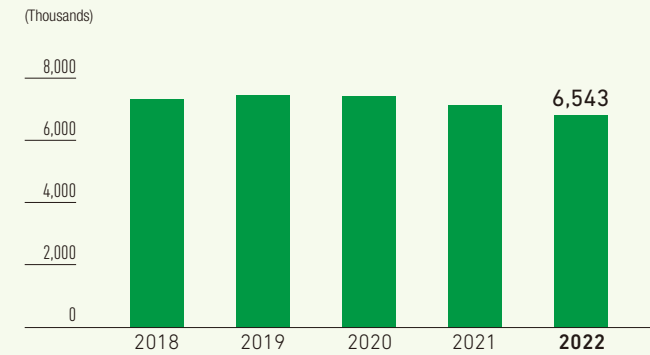
Total Operating Revenue



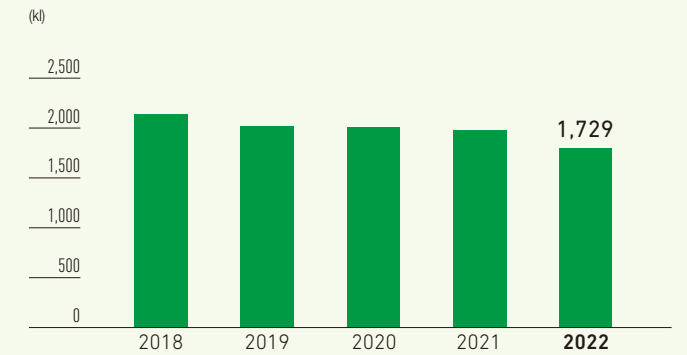
Ordinary Income



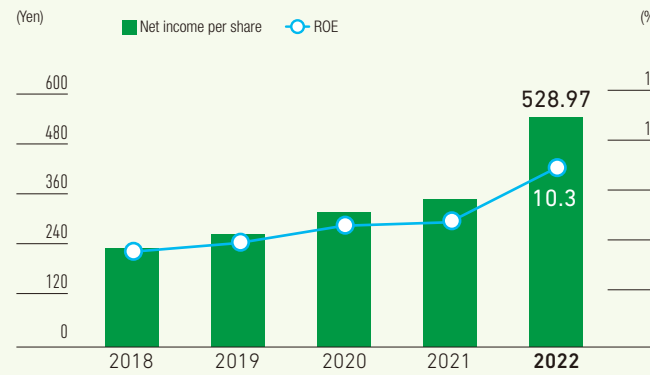
Number of JACCS Cardholders



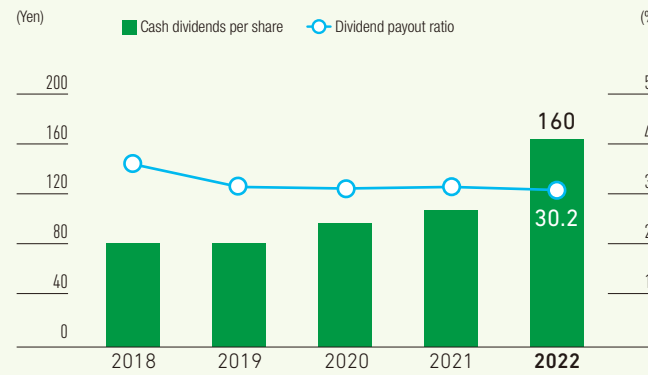
Energy Consumption



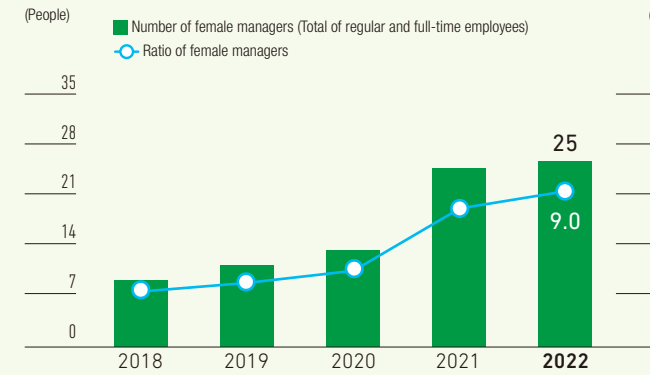
Net Income per Share—Basic and ROE



Cash Dividends per Share and Dividend Payout Ratio

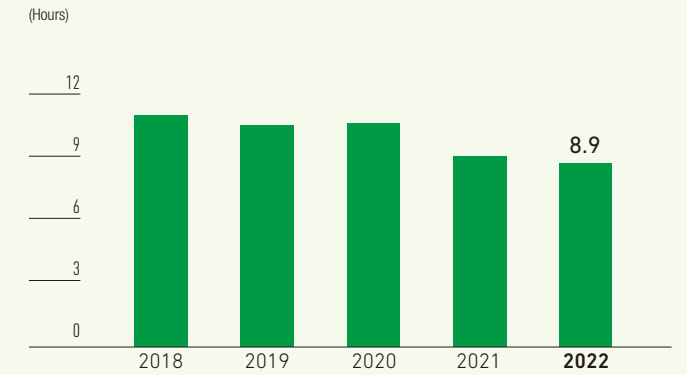


Number* and Ratio of Female Managers



* Section manager or higher position as of April 1, 2022

Employees' Average Monthly Overtime Hours



Business Highlights

2021
2022

April: JACCS' customer center received the highest ranking of "3 stars" in the Quality Service section of the 2021 HDI Benchmarking program. This program is organized by HDI-Japan.



December: Carried out second issuance of green bonds. The funds raised will be utilized for loans related to solar power generation facilities, etc.



May: Formed alliances with The Bank of Fukuoka, Ltd., The Kumamoto Bank, Ltd., and The Juhachi-Shinwa Bank, Ltd., and commenced guarantee operations for home renovation loans with an attached insurance policy, which covers natural disasters.

January: To strengthen web services security and countermeasures related to fraudulent login, JACCS adopted the cloud-based Web Application Firewall (WAF) service platform and Bot Manager service provided by Akamai Technologies GK.



September: Received certification from the Minister of Health, Labour and Welfare under the "Platinum Kurumin" program as a company that has achieved excellence in child-rearing support, based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



January: Released the JACCS web movie entitled "Strategic Vacation Stay-home Plan."

October: Signed a business alliance agreement with Japan Settlement Information Center Ltd. with the aim of promoting further expansion of the payments business.

Signed a business alliance agreement with Mitsubishi Auto Leasing Corporation with the aim of improving services, etc., in auto leasing business operations targeting individual customers.

Commenced motorcycle leasing operations in cooperation with Harley-Davidson Japan K.K. as part of efforts to develop and expand a new market.

March: For the fifth consecutive year, certified by the Ministry of Economy, Trade and Industry (METI) under the Certified Health and Productivity Management Organization Recognition Program ("White 500").



Received the "Hataraku Eru" Award for the third consecutive year from the Executive Committee for Recognition of Excellence in Corporate Employee Welfare Programs.



Ten-Year Financial Summary

Total Operating Revenue (Bar graph)

Ordinary Income (Line graph)

Economic and Business Sector Environment

2013–2015

- Economic slowdown in China and other emerging countries
- Underpinned by continued monetary easing, a weakening yen driven by robust economic conditions in the United States, and rising stock prices, corporate earnings perform strongly
- Following the April 2014 increase in Japan's consumption tax rate, personal consumption shows weakness

2016–2018

- Against a backdrop of a range of government economic policies and the Bank of Japan's monetary policies, improvement in corporate performance and the employment and income environment
- Stagnation in personal consumption
- Owing to such factors as the change of administration in the United States and issues involving the United Kingdom's withdrawal from the European Union, prospects for the global economy remain uncertain
- Continuation of low interest rates, expansion of the e-commerce market, and the spread of cashless payment services
- Rising number of personal bankruptcy filings

2019–2021

- The Japanese economy gradually recovered, driven by domestic demand
- Personal consumption rallied on the back of improving employment and income conditions
- Growth slowed in the global economy, due to the impact of U.S.–China trade friction
- In October 2019, Japan's consumption tax rate was raised, and a government program of consumer rebates for cashless payments commenced
- In 2020, COVID-19 triggered a global pandemic, and the economy went into a slump. In Japan and around the world, governments and central banks implemented large-scale fiscal stimulus packages and monetary easing programs

Years ended March 31	(Millions of Yen)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Summary of operations for the year:											
Total volume of new contracts	¥	2,480,470	2,784,532	3,061,297	3,404,510	3,768,118	4,158,700	4,559,202	4,981,508	4,973,421	5,273,264
Domestic: Credit		—	—	—	—	—	—	—	—	1,302,584	1,403,443
Credit Card and Payments		—	—	—	—	—	—	—	—	2,610,412	2,690,304
Financing		—	—	—	—	—	—	—	—	650,906	728,072
Other		—	—	—	—	—	—	—	—	365,704	399,293
Domestic total		—	—	—	—	—	—	—	—	4,929,607	5,221,113
Overseas: Credit		—	—	—	—	—	—	—	—	35,505	44,216
Credit Card and Payments		—	—	—	—	—	—	—	—	843	655
Other		—	—	—	—	—	—	—	—	7,465	7,279
Overseas total		—	—	—	—	—	—	—	—	43,814	52,151
Volume of new contracts: Credit card (Note 1)		786,669	899,957	1,026,247	1,127,244	1,196,177	1,247,046	1,306,927	1,358,230	1,271,609	—
Volume of new contracts: Installment sales finance (Note 1)		211,539	293,029	307,767	446,153	640,321	782,994	1,041,888	1,259,068	1,341,756	—
Volume of new contracts: Credit guarantee (Note 1)		636,770	687,669	725,019	751,580	780,378	856,716	837,565	942,765	1,001,656	—
Volume of new contracts: Financing (Note 1)		83,022	79,010	79,235	77,348	72,667	74,386	86,465	85,292	54,870	—
Volume of new contracts: Other operations (Note 1)		762,469	824,866	923,027	1,002,182	1,078,573	1,197,557	1,286,354	1,336,149	1,303,528	—
Total operating revenue		102,950	104,134	108,259	113,673	119,654	134,051	145,836	158,610	160,650	164,070
Operating income		9,413	12,236	11,975	12,242	11,798	12,679	14,370	16,506	16,326	26,743
Ordinary income		11,750	12,238	11,951	12,091	11,815	12,733	14,448	16,700	16,506	26,786
Net income attributable to owners of the parent		7,642	6,504	7,107	7,569	8,724	7,859	8,955	10,732	11,778	18,316
Net cash provided by (used in) operating activities		15,157	(89,429)	(86,683)	(144,453)	(152,722)	(167,815)	(309,890)	(308,473)	(141,114)	(152,023)
Net cash provided by (used in) investing activities		(8,934)	(8,355)	(13,942)	(8,859)	(6,143)	(10,464)	(8,644)	(11,871)	(8,816)	(7,311)
Net cash provided by (used in) financing activities		(47,933)	72,821	115,197	151,897	124,318	210,159	329,161	326,484	164,868	186,121
At year-end:											
Total assets (Note 2)	¥	2,718,518	2,896,405	3,158,044	3,437,641	3,710,582	4,193,058	3,749,167	4,231,590	4,484,954	4,828,881
Total net assets		117,486	122,712	132,846	133,282	140,287	153,123	156,738	162,889	174,152	192,217
Balance of deferred installment income (Non-consolidated)		84,746	93,620	99,370	107,003	115,514	127,792	151,605	172,998	188,025	197,944
Aggregate balance of operating receivables (Non-consolidated) (Note 3)		2,527,956	2,734,252	2,950,828	3,233,058	3,551,367	3,937,590	4,512,213	5,204,207	5,722,377	6,282,604
Balance of receivables in arrears (Non-consolidated) (Note 6)		221	229	233	260	293	349	373	377	365	302
Allowance for doubtful accounts (Non-consolidated)		16,474	14,036	11,683	11,080	14,482	17,378	19,304	21,597	24,052	22,991
Per share data:											
Net income—basic (Notes 4 and 5)	¥	218.60	188.55	207.10	220.10	252.95	227.32	260.13	311.65	340.69	528.97
Net assets (Notes 4 and 5)		3,391.90	3,576.90	3,863.35	3,864.05	4,055.91	4,242.44	4,388.98	4,543.94	4,910.76	5,386.05
Cash dividends (Notes 4 and 5)		55	70	70	70	75	80	80	95	105	160
Key ratios (%):											
ROA (Note 2)		0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.4%	0.4%	0.4%	0.6%
ROE		6.7	5.4	5.6	5.7	6.4	5.5	6.0	7.0	7.2	10.3
Equity ratio (Note 2)		4.3	4.2	4.2	3.9	3.8	3.5	4.0	3.7	3.8	3.9
Supplementary data:											
Number of JACCS cardholders (Thousands) (As of March 31)		7,281	6,828	6,726	6,823	6,958	7,022	7,161	7,135	6,840	6,543
Number of shares outstanding at year-end (Note 4)		175,395,808	175,395,808	175,395,808	175,395,808	175,395,808	35,079,161	35,079,161	35,079,161	35,079,161	35,079,161
Number of employees		3,096	3,355	3,434	3,710	4,015	5,492	5,721	6,188	6,285	6,145

Notes: 1. From the fiscal year ended March 31, 2022, the Company changed its business segment classifications. Accompanying this change, the figures presented for the fiscal year ended March 31, 2021, have been retroactively revised to reflect the new classifications. However, figures presented for the fiscal year ended March 31, 2020, and prior years follow the previous classifications.
 2. Previously, finance receivable-installment sales-credit guarantee and finance payable-credit guarantee were presented as corresponding asset and liability items in the consolidated balance sheets. However, from the fiscal year ended March 31, 2020, the Company made a change in accounting treatment of guarantee obligations that do not involve loan collection service, meaning these guarantee obligations are no longer presented on the consolidated balance sheets. The aforementioned change in accounting policy has been applied retroactively, and the figures for total assets and equity ratio presented for the fiscal year ended March 31, 2019, in the table above are subsequent to retroactive application of this change.
 3. Including the balance of guarantees that do not involve bill collection (off-balance-sheet amount)
 4. On October 1, 2017, the Company changed the number of shares per unit from 1,000 shares to 100 shares and executed a reverse stock split (consolidation of shares) at a ratio of 1-for-5 shares of common stock.
 5. Figures prior to October 2017 have been retroactively adjusted to reflect the effects of the stock split stated in Note 4.
 6. Hundreds of millions of yen

2013–2015

11th Medium-Term Business Plan "ACT11"

- Accelerate growth by turning around and expanding operating revenue (top line)
- Further strengthen our management structure to ensure adaptability to environmental change
- Continuously enhance our compliance system

2016–2018

12th Medium-Term Business Plan "ACT-Σ"

- Expansion of JACCS' earnings base through Group synergies
- The pursuit of innovativeness through strategic utilization of the Group's resources
- The practice of advanced corporate social responsibility (CSR)

2019–2021

13th Medium-Term Business Plan "RAISE 2020"

- Pursue sustainable growth in domestic businesses
- Accelerate growth in overseas business
- Enhance productivity while strengthening the Group's platform for growth

2022

Strategy Covering Single Fiscal Year

- Domestic Business:**
Pursue sustainable growth in the Group's core businesses and further productivity improvements
- Overseas Business:**
Expand the business base, and promote business structural reforms to lay the groundwork for growth

MOVE 70: JACCS' New Three-Year Medium-Term Business Plan



As we work toward the realization of the JACCS Group's management principle and long-term vision, we have articulated how the Company should look in three years' time, which coincides with the milestone of the 70th anniversary of JACCS' founding. The new three-year medium-term business plan, "MOVE 70," translates this vision into business strategies.

Overview of the New Three-Year Medium-Term Business Plan, "MOVE 70"

- 1 Enhance earnings base in the domestic business that leverages the Group's strengths
- 2 Establish earnings base in the overseas business capable of driving future growth
- 3 Strengthen management structure to accelerate growth in the domestic and overseas businesses
- 4 Promote ESG management

1 Enhance earnings base in the domestic business that leverages the Group's strengths

Expansion of competitive advantage

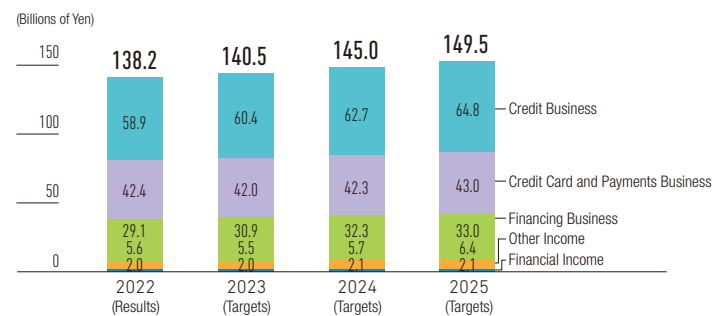
- Move into growth markets through alliances and cooperation
- Expand market share through the promotion of consulting-based sales programs
- Develop and promote products and services adapted to changes in the business environment, such as decarbonization

Expansion of products and services in the payments field

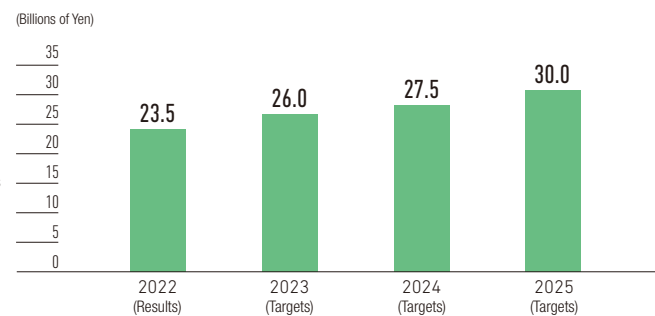
- Develop and offer payment functions that leverage digital and smartphone channels
- Provision of multi-payment services and expansion of member store network by leveraging alliances

- Expansion of channels for acquiring card members and promotion of card use
- Development of new earnings sources
- Rapid response to the needs of member stores and consumers
- Strengthening of product development
- Promotion of cost structural reforms to support the growth strategy
- Improvement of quality and productivity through migration to web-based services and automation
- Enhancement of operational efficiency and reduction of costs by leveraging digital channels

Earnings Forecasts by Business (Non-Consolidated)



Ordinary Income (Non-Consolidated)



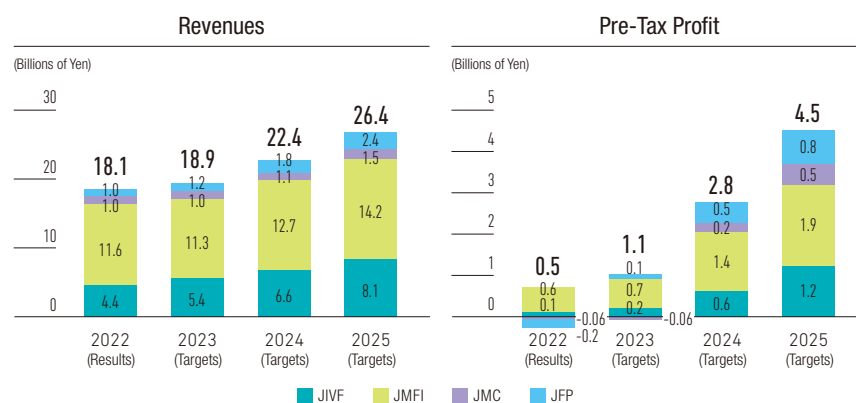
2 Establish earnings base in the overseas business capable of driving future growth

Return to a growth track through strengthening of competitiveness and profitability

- Grow the volume of new contracts through expansion of the business area and by adding to the product lineup
- Leverage web-based applications and smartphones
- Increase the sophistication of credit screening operations and receivables management operations utilizing IT systems

Strengthen corporate governance and develop human resources

- Strengthen Group management control systems and internal control systems
- Develop and actively promote global human resources



JIVF: JACCS International Vietnam Finance Co., Ltd.
 JMFI: PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA
 JFP: JACCS FINANCE PHILIPPINES CORPORATION
 JMC: JACCS MICROFINANCE (CAMBODIA) PLC. *Company name changed in June 2022

3 Strengthen management structure to accelerate growth in the domestic and overseas businesses

Strengthen the strategic partnership with Mitsubishi UFJ Financial Group

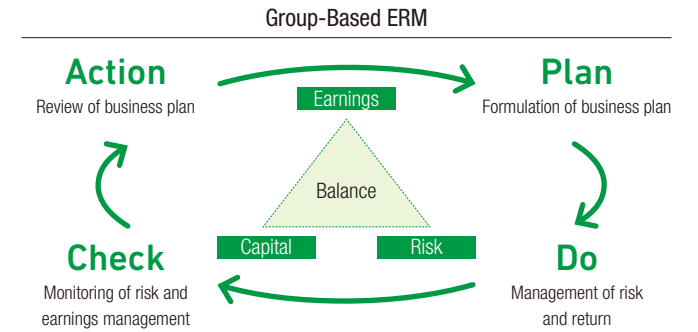
- New domains: Develop new collaborative businesses in the digital field
- Existing domains: Strengthen business competitiveness and expand synergy-driven earnings

Promote DX

- Develop products and services on a Companywide, cross-functional basis by leveraging digital technologies
- Promote measures aimed at the creation of a new value proposition model

Increase the sophistication of risk management systems

- Implement measures aimed at ERM on a Groupwide basis
- Strengthen risk management systems



4 Promote ESG management

Measures to address environmental issues

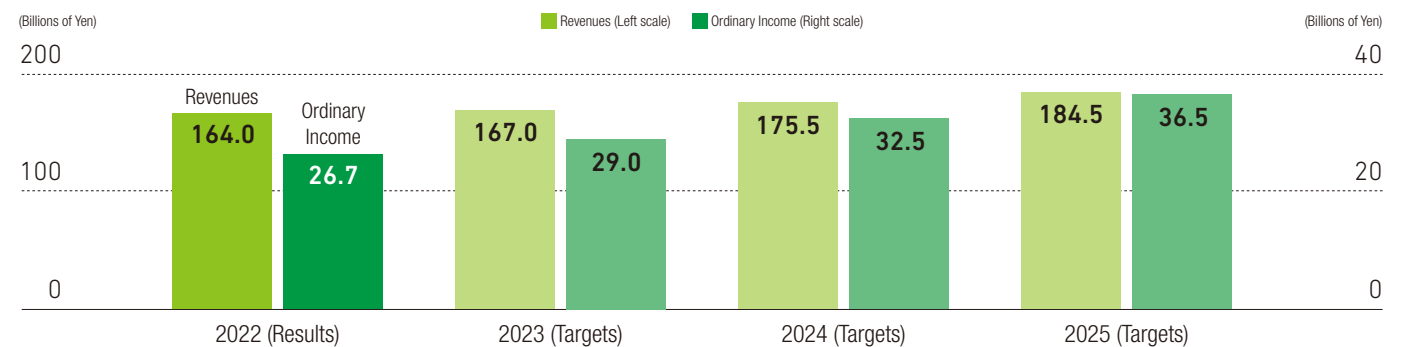
- Promote decarbonization through the provision of financial services
- Reduce greenhouse gas emissions and energy usage

Measures to address social issues

- The provision of safe and secure services that offer a high level of convenience
- Create an environment that maximizes the scope for diversity and a diverse range of values

- Raise the level of engagement among employees
- Cooperation and coexistence with local communities, and promotion of social contribution activities
- Measures aimed at advancing the quality of corporate governance
- Strengthen risk management
- Further strengthen check functions through the Board of Directors and Management Committee

Quantitative Targets (Consolidated)

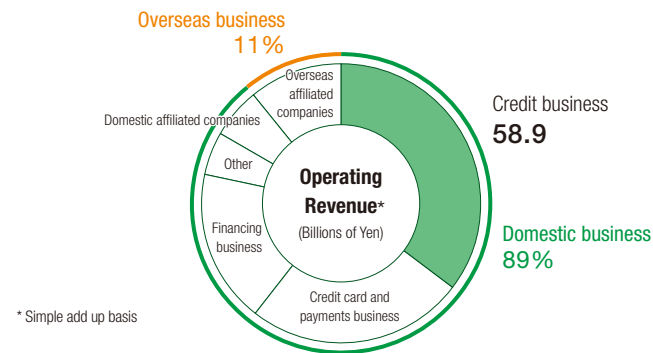


	2022		2023		2024		2025	
	Results	YoY change	Targets	YoY change	Targets	YoY change	Targets	YoY change
Revenues	164.0	2.1%	167.0	1.8%	175.5	5.1%	184.5	5.1%
Ordinary Income	26.7	62.3%	29.0	8.3%	32.5	12.1%	36.5	12.3%
Net Income Attributable to Owners of the Parent	18.3	55.5%	19.5	6.5%	22.0	12.8%	24.5	11.4%
ROE	10.3%	3.1p	10.6%	0.3p	10.9%	0.3p	11.3%	0.4p
Dividend Payout Ratio	30.2%	—	Approximately 30%					

Business Strategy Credit Business

Shopping credits: Anticipate changes in the operating environment and consumer needs, and build a stable earnings base

Auto loans: Provide a diverse lineup of financial services, and grow sustainably



Strengths

- > Product lineup to meet diverse needs
- > Credit screening and receivables management capabilities for building up a portfolio of quality operating receivables, and excellent back-office capacity
- > Nationwide network of sales offices, and network of member stores

Opportunities

- > Growth of the credit field driven by such factors as expansion of the e-commerce market
- > Expansion of the decarbonization-related business
- > Continuation of low interest rate environment

Overview

JACCS provides installment credit and other settlement methods for a wide variety of products and services. In particular, there are significant market needs in the area of payment for high-value products and services that fall outside a customer's credit card limit. The credit business is based on a BtoBtoC model, with services provided to customers via member stores. Hence, JACCS' services support the promotion of sales by member stores while also contributing to greater convenience for customers.

Shopping credit includes such major product and service categories as home renovation and other housing-related fields, premium wristwatches and jewelry, motorcycles, personal computers, and household electrical appliances. JACCS also provides credit in such fields as education, bridal, and healthcare services. In auto loans, JACCS supports a broad range of vehicle purchases, from new domestic-brand vehicles and imported vehicles to used vehicles. The JACCS Group also handles auto leasing. JACCS is working to stimulate credit demand for such categories by providing products and services with enhanced convenience and competitiveness that meet the needs of customers and member stores. This includes expansion of web-based credit application services, and offering a diverse range of repayment plans.

Operating Performance (Non-Consolidated)

In shopping credits, the volume of new contracts and operating revenue increased compared with the previous fiscal year. Although some parts of the housing-related market were affected by such factors as materials supply shortages, the housing-related field overall grew steadily, underpinned by a robust volume of new contracts. In the premium wristwatch and jewelry categories, consumer sentiment improved, while such categories as healthcare services, pet-related products, and personal computer-related products also recorded increases in the volume of new contracts and operating revenue.

In auto loans, the volume of new contracts and operating revenue grew despite greater-than-forecast impact from a worldwide shortage of semiconductors. This affected the volume of new contracts for domestically produced and imported vehicles, and led to delivery delays for new vehicles. The overall increases were underpinned by various campaigns executed by the Company centering on large dealerships specializing in used vehicles.

As a result, in the credit business, the volume of new contracts and operating revenue increased.

Strategy for the Fiscal Year Ending March 31, 2023

The core policy for shopping credits is to anticipate changes in the operating environment and consumer needs, and hence build a stable earnings base. Our shopping credit products enable customers to flexibly select from various options, including interest fees and number of installments. In addition, JACCS offers a broad array of web-based functionality for credit applications. These payment products enable linkage to products and services provided by a broad range of business categories and retail formats, regardless of whether the payment amount is large or small.

Environment-related products, such as solar power generation equipment and storage batteries, are expected to record substantial growth during the transition to a decarbonized society. JACCS is working to meet this new demand through cooperation with trading companies, electric power companies, and other business partners.

Further expansion of the e-commerce market is anticipated, driven by such factors as metaverse-related technological advances. In this field, JACCS is collaborating with such stakeholders as e-commerce mall vendors and major manufacturers to promote the introduction of payment functions.

In auto loans, our core policy is to provide a diverse lineup of financing services and aim for sustainable growth. In the imported-vehicle market, although we anticipate delays in vehicle deliveries owing to shortages of semiconductors, we are providing financing products in line with each importer's marketing strategy, and are striving to grow the volume of new contracts by increasing the percentage of customers who use auto loans.

In the specialized used-vehicle dealership market, we will continue working to increase the Company's share of in-store financing at large-scale nationwide dealerships and major alliance partners.

In the area of auto leasing operations targeting individual customers—a market that is forecast to grow—we are working to increase market share through such measures as enhancing the user-friendliness of the lease quotation system, and are collaborating with Mitsubishi Auto Leasing Corporation, with whom JACCS entered a business alliance last year.

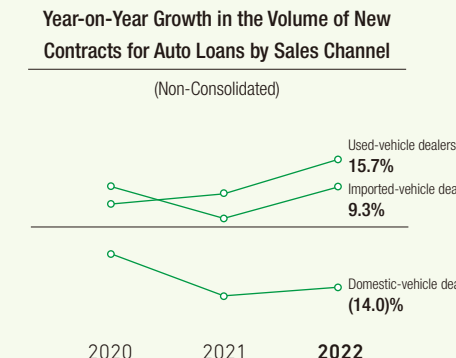
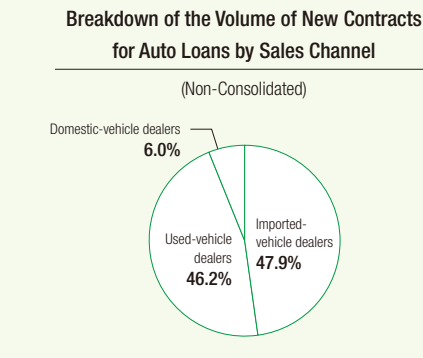
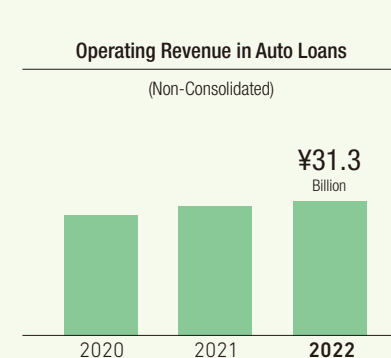
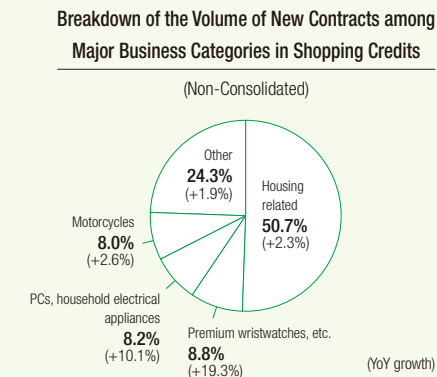
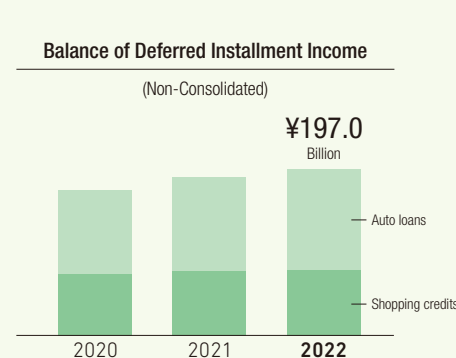
ESG-Related Initiatives



Promote the handling of loans for products that contribute to a decarbonized society. These include solar power generation equipment, storage batteries, home renovations, and EVs.

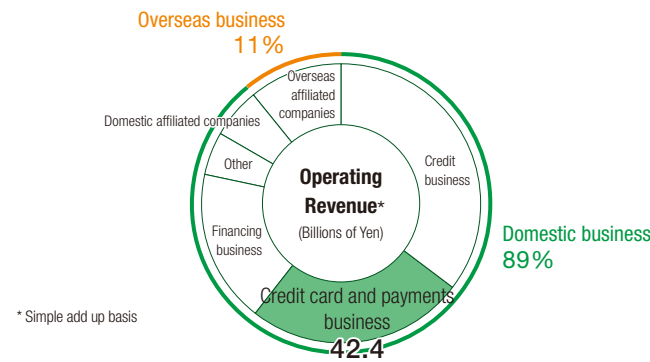
The JACCS Group's Basic Environmental Code stipulates that the Group will contribute to environmental conservation through its business operations.

In the credit business, JACCS began offering solar loans in 1998, making it the first company in the Japanese consumer credit industry to offer such loans. JACCS believed that the adoption of solar power generation facilities would contribute to a decrease in environmental burden, and for more than 20 years has promoted the use of its solar loans. The Company is strengthening programs that meet demand for storage batteries, which are critical within systems that make efficient use of electricity generated by solar power installations. JACCS is also strengthening programs to meet demand from buyers of existing homes for renovation finance—an area that has seen significant growth in recent years. As key products driving growth in the balance of deferred installment income—a core component of the Group's stable revenue base—the Company is pursuing expansion in the volume of new contracts in these categories. In the auto loan field, to contribute to the realization of a decarbonized society, JACCS has begun providing loans and leasing products that support the widespread adoption of environment-friendly vehicles, such as EVs and fuel cell vehicles (FCVs). From the perspective of our member stores, these products are easy to recommend, and for consumers they offer low-interest repayment plans. The provision of such loans bolsters the uptake of renewable energy generation equipment, such as solar power generation systems and storage batteries, as well as environment-friendly vehicles. Hence, we believe that through this business we are able to contribute to the reduction of CO₂ emissions.



Credit Card and Payments Business

JACCS is promoting its digital strategy and multi-payment services, with the aim of strengthening its earnings capabilities.



Strengths

- > Lineup of payment products and services catering to a diverse range of needs, including credit cards, prepaid cards, and bill collection services
- > Acquiring operations that handle international brands and an array of code-based payments
- > Nationwide network of sales offices, and network of member stores and alliance partners

Opportunities

- > The acceleration of needs driven by digitization, and growth in the cashless payments market
- > Needs in the corporate sector in such areas as increased efficiency in billing-related operations and reduction of risk of claims falling into arrears
- > Increase in the number of single-person households, and increased needs among institutions for guarantees in the rental real estate market, driven by changes in relevant laws and regulations as well as the shift to computerized systems

Overview

The credit card domain encompasses the issuing of credit cards and acquiring operations for a network of member stores for Visa and Mastercard, in addition to Alipay and WeChat Pay (payment services catering to Chinese consumers), and a range of QR code- and barcode-based payment platforms. As an

independent credit card issuer not affiliated with any particular retail group, JACCS mainly issues co-branded cards in partnership with companies and organizations from a broad spectrum of industries and fields. Through the expansion of alliance partners, JACCS is striving to increase new card members. By executing promotions targeting members that utilize card usage data, we are working to increase the volume of new contracts. In response to increasingly diverse consumer needs, JACCS issues prepaid cards and other products in addition to credit cards. We are also working to ensure the provision of a convenient, safe, and secure payment environment for consumers, through such measures as issuing IC chip-embedded credit cards as standard, and implementing efforts to expand the adoption of contactless IC-based payment services, including smartphone payments.

In the payments domain, we provide subscription bill collection services on behalf of fitness clubs and other organizations, as well as rent guarantee services.

We are also promoting multi-payment services through cross-selling. This encompasses not only customers in the credit card and payments business but also in the credit business. Hence, we aim to generate synergies that go beyond growth in individual businesses.

Operating Performance (Non-Consolidated)

In card shopping, the volume of new contracts and operating revenue decreased. This reflected a slump in new members, as well as the lack of a full-fledged recovery in personal consumption owing to the impact of the declaration of a state of emergency and controls introduced by the Japanese government to prevent the spread of COVID-19.

In cash advances, the volume of new contracts increased, reflecting a recovery from the low level of demand for funds in the previous fiscal year. However, operating revenue decreased, owing to a decline in the balance of cash advances.

In rent guarantees, the volume of new contracts and operating revenue increased. This was driven by an increase in the number of new contracts handled accompanying the relaunch of existing products and the introduction

of new products, and the contribution of additional business from alliance partners that entered agreements with the Company in the previous fiscal year.

In bill collection services, the volume of new contracts and revenue increased, driven by a rebound from the previous fiscal year, which had seen a large number of facilities, such as fitness clubs and schools, temporarily suspend operations, and growth in the number of invoices handled from new alliance partners.

As a result, in the credit card and payments business as a whole, although the volume of new contracts increased, operating revenue decreased, reflecting a slump in credit card shopping and a decline in the balance of cash advances.

Strategy for the Fiscal Year Ending March 31, 2023

Through the business' diverse product portfolio, including credit card issuing, acquiring operations, rent guarantee operations, and bill collection services, as well as through inter-business linkage with the credit business and financing business, the Company is closely focusing on profitability as it aims to grow the business into one that is able to efficiently generate profits.

The core policy of the credit card and payments business is to pursue digital strategies and multi-payment services, as well as strengthen profitability. In the credit card field, we are working to increase customer convenience by providing smartphone-based payment functions within apps offered by alliance partners, and by linking digital cards and prepaid cards to these services. Underpinned by this strategy, we aim to increase the number of new members and existing members, and grow the volume of new contracts.

We continue to promote business collaboration with such partners as payment service providers (PSPs) and system vendors, and are developing and expanding our network of member stores.

During the COVID-19 pandemic, such factors as a slump in consumption and decline in the number of credit card members led to a substantial decrease in the balance of revolving-payment shopping and balance of revolving-payment cash advances. However, the Company is steadily executing a range of strategies, and we are forecasting these revolving balances to bottom out by the close of the fiscal year ending March 31, 2024.

In the rent guarantees field, in addition to pursuing the transition of screening applications to a web-based platform, by providing property owners and real estate management companies with highly convenient products, we are striving to strengthen profitability.

In the bill collection field, covering such alliance partners as fitness clubs and private tutoring schools, JACCS is utilizing its front-end payment system as part of its efforts to expand the number of alliance partnerships. The JACCS front-end payment system boasts a high level of convenience and security while making possible the provision of non-face-to-face payment services.

ESG-Related Initiatives



Social and Local Community Contribution through the Credit Card Business

JACCS issues co-branded cards in partnership with a broad range of companies and organizations. This includes co-branded cards that contribute to society and local communities, such as the Japan Guide Dog Association Card. By using these credit cards to make shopping purchases, customers are able to make donations to local community organizations and philanthropic organizations.

Examples of Cards that Contribute to Society and Local Communities

- Japan Guide Dog Association Card
- Hakodate Card



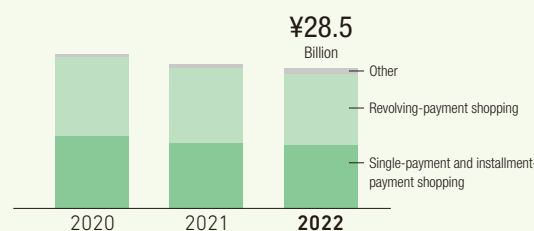
https://www.jaccs.co.jp/service/card_lineup/
(in Japanese only)

Sustainability > Social Contribution Initiatives

<https://www.jaccs.co.jp/en/corporate/sustainability/social.html>

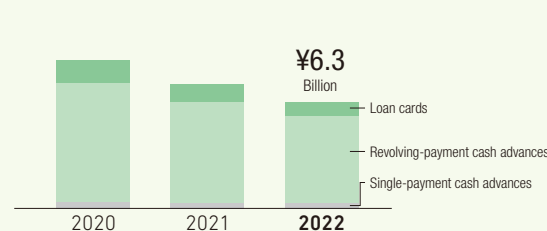
Operating Revenue in Credit Card Business for Shopping

(Non-Consolidated)

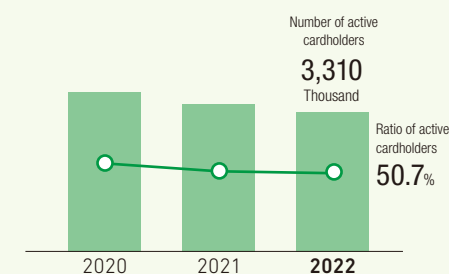


Operating Revenue in Cash Advances

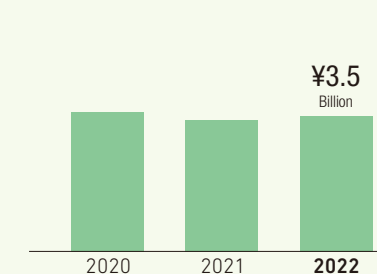
(Non-Consolidated)



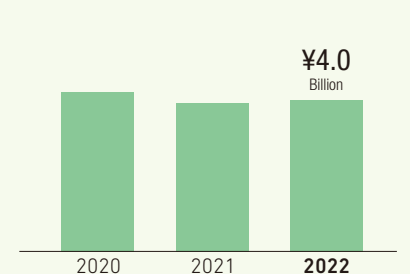
Number and Ratio of Active Cardholders



Revenue from Bill Collection Services

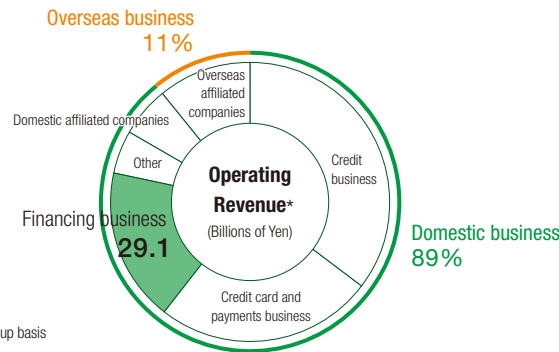


Revenue from Rent Guarantees



Financing Business

Housing loan guarantees: Strengthen the business base and promote the development of new fields
 Personal loan guarantees: Strengthen product appeal and proposal capabilities



* Simple add up basis

Strengths

Housing loan guarantees:

- > Business experience spanning more than 45 years; accumulated expertise based on this experience; precise credit operations that leverage the Company's know-how
- > Network of alliances with real estate sales companies and financial institutions

Personal loan guarantees:

- > Product lineup that responds to the needs of financial institutions, and digitization of operations
- > Collaboration with MUFG Bank, Ltd.; partnerships with more than 600 financial institutions nationwide

Opportunities

Housing loan guarantees:

- > Steady asset portfolio formation needs vis-à-vis studio condominiums purchased for investment purposes
- > Continuation of low interest rate environment

Personal loan guarantees:

- > Expansion of guarantee needs, underpinned by financial institutions' efforts to bolster their retail operations
- > Strengthened initiatives related to the Sustainable Development Goals (SDGs) by regional financial institutions

Overview

The financing business provides credit guarantee services for housing loans and personal loans extended by financial institutions. Housing loan guarantee services mainly handle loans specialized in mortgage guarantees on studio condominiums purchased for investment purposes. JACCS conducts this business in the major urban areas centering on Tokyo, Osaka, and Fukuoka, where apartments have sound, long-term rental income-earning potential. Guarantee services for personal loans extended by financial institutions are conducted through partnerships with more than 600 financial institutions nationwide. Such loan products include auto loans, loans to cover education-related expenses, and credit card cash advances.

Operating Performance (Non-Consolidated)

In housing loan guarantees, the volume of new contracts and operating revenue increased, driven by a recovery trend in the number of housing units

sold at alliance partners, and various marketing programs as well as the ongoing execution of efficient and meticulous sales activities.

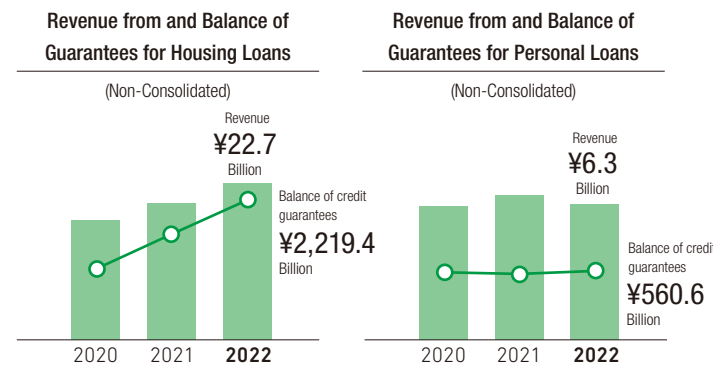
In personal loan guarantees for financial institutions, the volume of new contracts increased, driven by brisk activity for such purposes as auto loans at MUFG Bank and other institutions. Although the balance of guarantees grew, operating revenue from auto loans declined, reflecting a decrease in the balance of guarantees for products with high profitability, including credit card cash advances.

As a result, in the financing business, both the volume of new contracts and operating revenue increased.

Strategy for the Fiscal Year Ending March 31, 2023

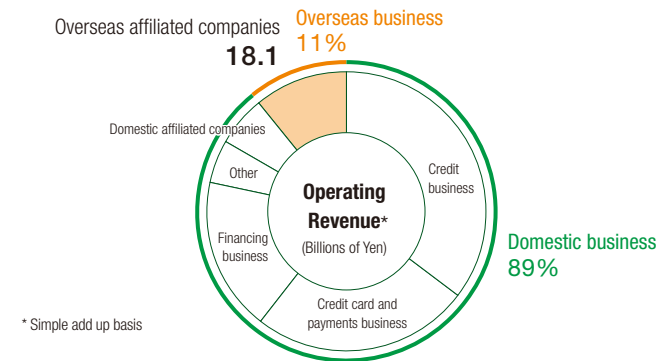
The core policy for housing loan guarantees is to strengthen the business base and develop new business fields. The volume of new contracts for mortgage guarantees on studio condominiums purchased for investment purposes has recorded significant growth in recent years, and we anticipate that demand for studio condominiums will remain robust. However, in light of such factors as a steep rise in the cost of construction materials and a decrease in the number of properties available in prime locations, under JACCS' new medium-term business plan we are not forecasting a large increase in the volume of new contracts. Based on this recognition of the market environment, we are focusing on migration to a web-based service platform and increased IT-based systemization, areas in which this business is lagging compared with JACCS' other businesses. Through this strategy, we aim to enhance convenience and improve productivity. Furthermore, we are also striving to strengthen our relationships with alliance partners and financial institutions, and thereby steadily build up the balance of loan guarantees. In addition, as a new source of earnings, we will work to develop new business fields in areas related to housing loans.

The core policy for personal loan guarantees is to strengthen product appeal and capabilities for making proposals. The balance of loan guarantees—in which the main product is guarantees on auto loans by MUFG Bank—has surpassed ¥70.0 billion. Our target is to grow this balance to ¥100.0 billion in the fiscal year ending March 31, 2024, and we are executing a wide range of marketing programs in pursuit of this goal. Added to this, we are striving to increase the number of partner financial institutions for which we provide loan guarantees, including through the expansion of business with internet-based banks.



Overseas Business

Return to a growth track through strengthening of competitiveness and profitability
 Strengthen corporate governance and develop global human resources



* Simple add up basis

Strengths

- > Business know-how cultivated in Japan over more than 65 years
- > The MUFG Group
- > A network of businesses in four overseas markets, with over a decade of business experience

Opportunities

- > Medium- to long-term economic growth potential of countries in the ASEAN region
- > Ongoing overseas business expansion by Japanese companies
- > Acceleration of digitization

Overview

The overseas business is a key growth area for the JACCS Group, in which we intend to invest management resources. We aim to grow this business to become a new mainstay of the Group's earnings.

JACCS has entered the market in four ASEAN member countries—Vietnam, Indonesia, Cambodia, and the Philippines—and conducts business in all four countries through consolidated subsidiaries. The Group is developing these businesses centering on the provision of motorcycle and auto loans.

In Vietnam, which JACCS entered in 2010 through the establishment of a wholly owned local subsidiary, core operations include motorcycle and auto loans, personal loans, and credit cards. We are expanding the lineup of products provided, including loans for household electrical appliances and furniture. In Indonesia, JACCS entered the market through the establishment of a partnership with leading Indonesian corporate group PT Mitra Pinasthika Mustika (MPM). The Group's main products in Indonesia are motorcycle and auto loans. In 2016, JACCS entered the Philippines market by launching operations centering on auto loans. In Cambodia, JACCS established a wholly owned subsidiary, and began providing motorcycle loans in 2018. In June 2022, JACCS obtained a micro-finance license from the National Bank of Cambodia, and is promoting the expansion of its product lineup, including

the planned commencement of the provision of personal loans*.

* Personal loans: Unsecured loan products for individuals

Operating Performance (Individual company basis)

Credit Business

In Vietnam, the operating environment was harsh, reflecting the impact of a lockdown imposed to deal with a resurgence of COVID-19 infections. However, owing to a change of policy adopted by the Vietnamese government—designed to “live with COVID”—the restrictions on movement were greatly relaxed. Consequently, the volume of motorcycle loans moved into a recovery trend, and the volume of new contracts increased. The volume of new contracts for auto loans also grew substantially, driven by the execution of a variety of marketing programs. However, operating revenue decreased, reflecting a decline in the balance of operating receivables for motorcycle loans.

In Indonesia, the volume of new contracts for auto loans and motorcycle loans increased. This was underpinned by such external factors as a market recovery following a decline in the number of COVID-19 infections along with economic stimulus measures implemented by the government, as well as the success of a range of marketing programs. However, operating revenue decreased, reflecting a decline in the balance of operating receivables for auto loans.

In the Philippines, although the business felt the impact from a market slump owing to certain restrictions imposed on people's movement, the volume of new contracts for auto loans and motorcycle loans—along with operating revenue—increased. This was driven by an increase in the number of new member stores and the execution of a variety of marketing programs.

In Cambodia, a gradual return to normal conditions began to gain momentum, underpinned by relaxation of restrictions on social and economic activity. However, the volume of new contracts decreased, reflecting such factors as a decline in unit sales of motorcycles and stricter credit screening criteria. However, operating revenue rose, driven by growth in the balance of operating receivables.

As a result, although the overseas credit business achieved growth in the volume of new contracts, operating revenue declined.

Credit Card and Payments Business

The credit card business operated in Vietnam recorded a lower volume of new contracts, reflecting a slump in personal consumption due to a resurgence in COVID-19 cases, and a decline in the number of new credit card members. However, operating revenue increased, driven by a buildup in the balance of cash advances.

As a result, although the overseas credit card and payments business saw a decrease in the volume of new contracts, operating revenue rose.

Other Business

In the personal loan business operated in Vietnam, the volume of new contracts decreased, reflecting a downturn in personal consumption due to a resurgence in COVID-19 infections. However, operating revenue increased, underpinned by growth in the balance of operating receivables.

In the leasing business operated in Indonesia, the volume of new contracts returned to growth, driven by demand expansion accompanying market recovery. However, operating revenue decreased, reflecting a decline in the balance of leases.

As a result, although other overseas business recorded a decrease in the volume of new contracts, operating revenue increased.

As a result of the aforementioned factors, the overseas business as a whole recorded a decline in operating revenue, mainly owing to a decrease in the balance of operating receivables in Indonesia. However, centering on Indonesia, the business posted large decreases in expenses related to doubtful accounts and financial expenses, which contributed to an increase in ordinary income.

Strategy for the Fiscal Year Ending March 31, 2023

The measures adopted in each of the countries in which JACCS operates to deal with COVID-19 were re-oriented to focus on "living with COVID," and economic activity began to recover. The four ASEAN member countries have a combined population of approximately 500 million, while the average age is young. These counties are forecast to achieve high rates of economic growth in the medium term.

Under JACCS' new medium-term business plan, anticipating the future, the Group will aim to return its overseas operations to a growth track, underpinned by strengthened competitiveness and profitability.

The Group will strive to increase market share and greatly raise the volume of new contracts by implementing the following common measures across all four markets: geographic expansion of sales area, extension of product lineup, and improvement of user-friendliness through web-based credit applications and an interface optimized for smartphone users. We are also working to build a high-quality portfolio of operating receivables through a systemized credit screening method that utilizes credit scoring, and by enhancing the sophistication of receivables management. In addition, we are

striving to strengthen the management control system and internal control through coordination with the parent company.

In Vietnam, we are working to expand profits through the development of a robust business base. In addition to the two core products of motorcycle loans and auto loans, we will expand personal loans, which utilize a smartphone app and have high profitability. In addition, JACCS will strive to grow the volume of new contracts by diversifying the range of products it handles. This includes household equipment and electrical appliance loans—an area driven by economic growth and the increasing market penetration of such items as air conditioners—and agricultural equipment loans in collaboration with Japanese manufacturers.

In Indonesia, we are aiming to transform the business into a high-earnings structure and grow profits. Although to date we have focused on auto loans for new automobiles, we are working to expand the handling of loans for new motorcycles and used automobiles, which have high profitability. To achieve this, we will expand the geographic sales area and invest resources in regions that have large markets.

In the Philippines, we are striving to expand the volume of contracts for high-profitability products and strengthen the business base. To date, with regard to the handling of auto loans, we have pursued a transformation of our product portfolio from new automobiles to one focusing on used automobiles. By further expanding the geographic sales area for used automobile loans, we aim to grow the volume of new contracts. In addition, we plan to bolster the product lineup in such areas as motorcycle loans and personal loans.

In Cambodia, we are pursuing an expansion of the range of products handled, and growth in operating revenue. We aim to expand our market share for motorcycle loans in the capital, Phnom Penh. We are expanding geographic sales coverage by moving to full operations at the Siem Reap branch office, which was established in July 2020 but was unable to operate as planned owing to the impact of the pandemic. In addition, we are expanding the lineup of products handled. This includes personal loans, which have been added accompanying an upgrade of the business license of the Cambodian subsidiary.

Approach to Enterprise Risk Management (ERM) and Digital Transformation (DX)

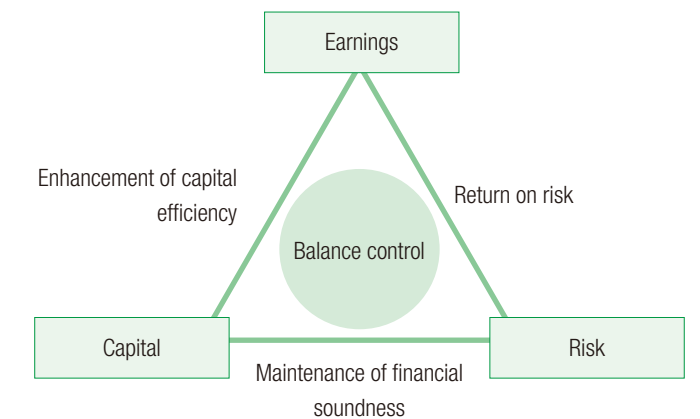
Approach to ERM

The JACCS Group defines ERM as a framework applied to the maintenance of financial soundness, and the enhancement of return on risk and capital efficiency, through the integrated management of earnings, risk, and capital. Underpinned by ERM, the Group strives to strengthen and increase the level of sophistication of its risk management system.

At present, key tasks recognized by the Company include (i) strengthening risk management related to strategic decision-making on a Groupwide basis, and (ii) the practice of risk management through qualitative and quantitative evaluation. Since the Group's core business is asset based, the balance of operating receivables increases in proportion to the robust volume of new contracts. Consequently, the equity ratio tends to remain low. Although we undertake modeling to verify and confirm that the Company maintains resilience to credit risk, in order to elucidate the feasibility of sustainable business growth by the JACCS Group, we believe there is a need for quantitatively visualized information disclosure.

To respond to such issues, we will carry out capital adequacy

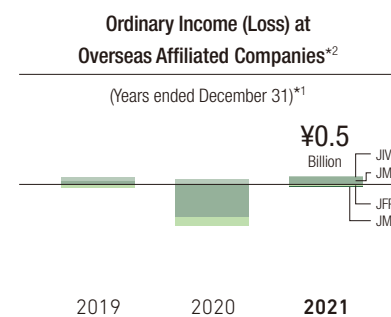
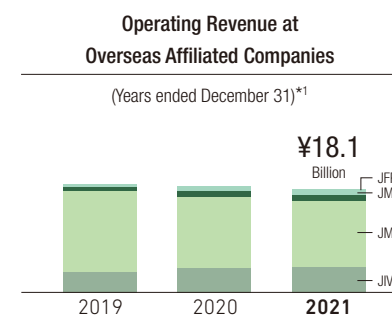
assessment and verification, business portfolio management, and the setting and management of risk appetite, based on the quantification of earnings, risk, and capital. Furthermore, by promoting measures for the disclosure of such information, we aim to raise corporate value.



Approach to DX

In October 2020, the Company established the DX Promotion Department. We have separated our DX approach into three phases: Optimization, creation, and transformation. By promoting DX on a Groupwide basis, we are

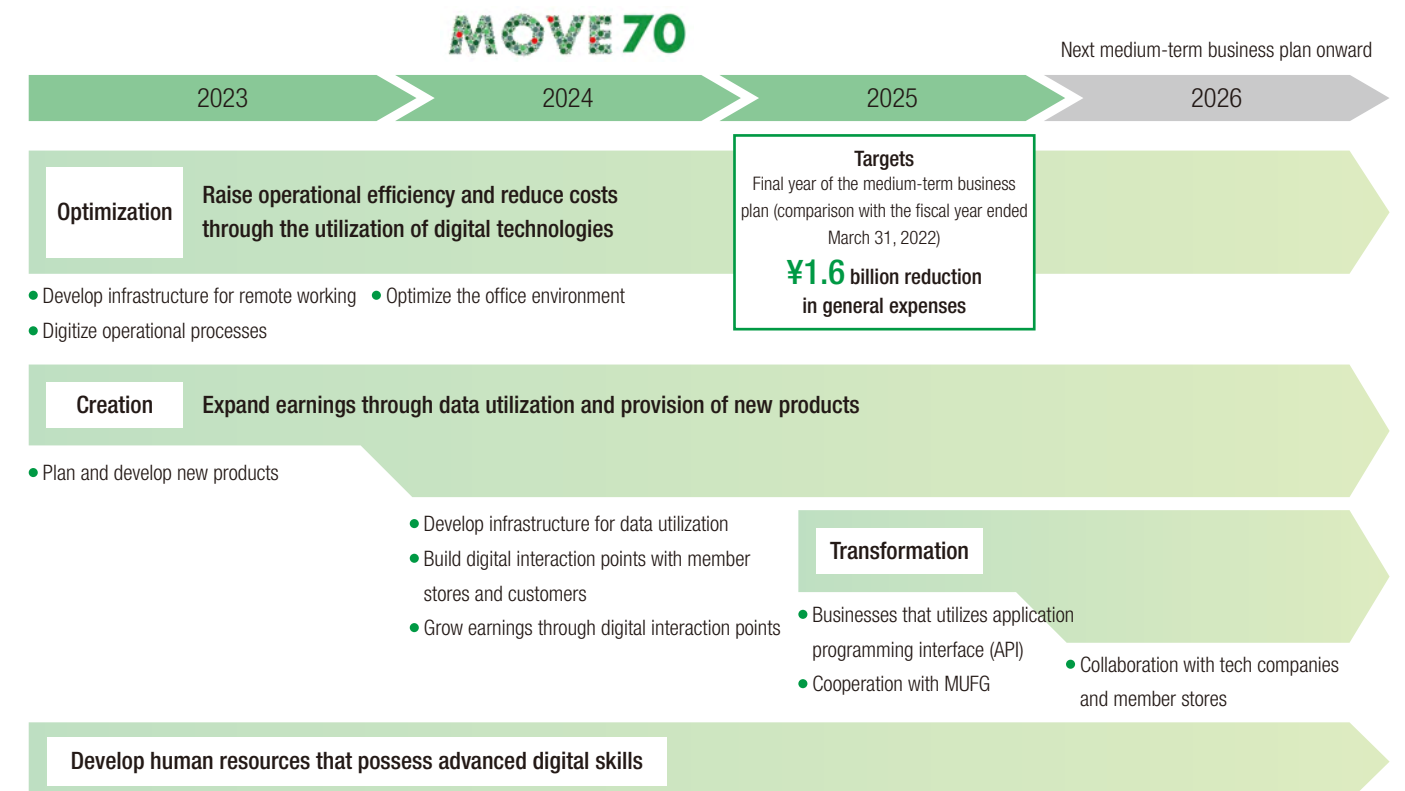
working to raise operational efficiency and reduce costs, as well as generate and expand earnings through the utilization of digital technologies.



JVF: JACCS International Vietnam Finance Co., Ltd.
JMF: PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA
JFP: JACCS FINANCE PHILIPPINES CORPORATION
JMC: JACCS MICROFINANCE (CAMBODIA) PLC. (Company name changed in June 2022)

*1 The fiscal year-end for overseas affiliated companies is December 31. The consolidated results reflect operations from January to December.

*2 Ordinary income (loss) amounts are the net contribution to consolidated results after allowing for changes in goodwill and consolidation adjustment amounts.



Principal Risks and Response

The JACCS Group has established a risk management structure and internal regulations as part of its Fundamental Policy relating to the Internal Control System.

The Group recognizes risk management as one of its most important managerial tasks, and comprehensively examines and evaluates risks relating to strategic management decision-making and risks relating to the appropriate performance of business operations. Furthermore, the Group responds to changes in the operating environment by implementing necessary measures in a flexible manner.

Risks relating to strategic management decision-making are examined

through a structure of committees comprising directors and other officers. Risks relating to the appropriate performance of business operations are managed in accordance with the Group's Product and Operational Risk Management Regulations. Key risks identified by the Product & Operational Risk Committee are reported to the Internal Control Committee.

If a serious situation arises affecting business operations, the Company convenes the Emergency Response Committee in accordance with the Emergency Response Committee Operational Rules, and implements rapid response. Hence, this structure is designed to minimize any losses or damage sustained by the Group.

Principal Risk Category	Summary of Risk	Measures
Compliance risk	• Administrative sanction by the regulatory government agency or agencies (suspension of business operations, revocation of registration, etc.) if the Group were found to have violated laws or regulations	• Implement ongoing training programs covering all officers and employees • Conduct regular examinations to verify that business operations comply with laws, regulations, and internal rules
System risk	• Suspension of operations owing to system failure caused by natural disasters, accidents or breakdown, etc. • Loss of trust owing to data leaks, falsification, or disruption	• The Information Processing Center is located in a building that has an earthquake-resistant structure and a backup power supply. • The Group's computer system and network include built-in redundancy and features to ensure availability is maintained. • System backup is performed regularly.
Disaster risk and disease risk	• Interruption or suspension of business operations due to earthquake or other large-scale natural disaster, accident, or viral infectious disease outbreak	• Established crisis management structure, including preparation of disaster response manual and formulation of a Business Continuity Plan (BCP) • Built a complementary structure, which is able to perform operations on a substitute interregional basis, and carries out disaster drills • Carry out thorough health and hygiene measures, promote staggered working hours and teleworking, and implement remote sales activities, etc.
Overseas business risk	• Legal and regulatory changes, political and economic disorder, and exchange rate fluctuation	• Close coordination with local Group companies, avoidance and reduction of risk based on timely information-gathering through relevant government agencies and legal advisors, etc.
Cybersecurity risk	• Data leaks due to cyberattacks, unauthorized access, etc., suspension of business operations due to loss of system functionality, and liabilities stemming from indemnity for damages associated with such contingencies	• Continuous monitoring to detect illegal attacks from external sources on the Group's security firewalls, etc., regular vulnerability checks, and security intelligence gathering, research, and response • Strengthening of the security preparedness carried out by the CSIRT
Credit risk	• Increase in occurrence of claims falling into arrears, member store bankruptcies, and increases in doubtful accounts and allowance for doubtful accounts due to fraud, etc.	• Data relating to such trends as occurrence of claims falling into arrears is shared between credit screening and credit operations departments as part of efforts to maintain a high-quality portfolio of operating receivables. • Carry out regular supervision of member stores according to risk level.
Market-related risk	• Rise in fundraising interest rates due to change in monetary conditions, and increase in financial expenses • Decline in credit ratings and creditworthiness owing to deterioration in operating performance • Fall in prices of investment securities • Impact on the consolidated financial statements due to exchange rate fluctuations at overseas consolidated subsidiaries	• Conduct interest rate sensitivity analysis, which models the effect interest rate changes will have on financial expenses • The ALM Committee monitors funding interest rates versus the yield on finance receivables, and prevailing monetary and financial conditions. The Company uses such data when making decisions on the need to review transaction terms and conditions. • Pursue efforts to raise the fixed interest rate ratio for fundraising
Information-related risk	• Loss of credibility, liability stemming from indemnity for damages, and administrative sanction due to such contingencies in relation to personal information as leak, loss, damage, or fraudulent use	• Appropriate handling of personal information led by the supervising department, and maintenance of safety management, etc. • Received PrivacyMark certification, which assesses measures taken by organizations to protect personal information, and maintenance of privacy system effectiveness
Administrative risk	• Damages incurred by customers and member stores, and a loss of public credibility, due to such occurrences as instruction errors, data registration errors, and processing delays	• Manage administrative operations strictly in accordance with fundamental rules, enhance processing accuracy • Promote systemization of administrative processing
Personnel risk	• Unable to recruit, retain, and train human resources	• Promote health and productivity management, ongoing improvement of the working environment
Related company risk	• Business risk materializes at one of the Company's eight consolidated subsidiaries	• Strengthening of parent company support and supervision for subsidiaries

The existence of the various risks outlined above may affect the operating performance of the JACCS Group.

The business risks described above are thought to be the main potential risks faced by the Group in its business operations, and are based on information understood by the Group as of the date of submission of the Company's annual securities report (*Yuka Shoken Hokokusho*). However, the risks described do not constitute an exhaustive list of all risks, and new risks may arise owing to a wide range of uncertain factors, including future economic conditions and changes in the operating environment for the consumer credit sector.

For further details on these business risks, please refer to the Company's annual securities report (*Yuka Shoken Hokokusho*) (in Japanese only).

Sustainability

Sustainability

The JACCS Group strives to accurately identify opportunities and risks driven by changes in the economy, society, and the environment. Underpinned by this awareness, the Group works to contribute to economic development and sustainable growth in partnership with society and stakeholders, and aims to conduct corporate management in a manner consistent with these goals. Based on its Basic Policy on Sustainability, the Group undertakes sustainability-related initiatives, including those focused on social and environmental issues.

Basic Policy on Sustainability

Based on the management principle that "JACCS contributes to the realization of a future inspired by dreams and an affluent society," the JACCS Group contributes—through its business operations—to solutions to the challenges faced by society, while maintaining the confidence and trust of its stakeholders. Through these efforts, the Group aims to realize a sustainable society and raise its corporate value. (Established in November 2021)

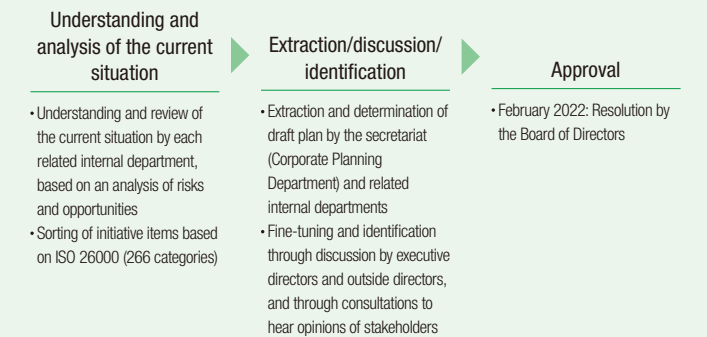
Underpinned by JACCS' Founding Philosophy and Management Principle, the Company has to date pursued CSR activities. These are being deepened as part

of our sustainability initiatives, as we respond to the expectations of a broad array of stakeholders, including employees, customers, business partners, shareholders, investors, and local communities.

Materiality

Based on the Basic Policy on Sustainability, as part of its efforts to realize sustainable growth and contribute—through its business operations—to solutions to environmental and social issues, in February 2022 the JACCS Group identified five areas of materiality. Underpinned by these, the Group is pursuing ESG management.

Materiality Identification Process



Realization of a Sustainable Society and Enhancement of Corporate Value

Materiality				
Providing safe and secure services that offer a high level of convenience	Protecting the environment	Contributing to the realization of a decarbonized society	Respecting diversity and human rights	Advancing the quality of corporate governance
Main Initiative Items				
Services that earn the trust of customers and member stores <ul style="list-style-type: none"> • Improving customer-contact service quality • Utilizing AI and IT 	Measures to reduce environmental burden <ul style="list-style-type: none"> • Converting to paperless operations • Reducing printed credit card statements • Transitioning the corporate vehicle fleet to EVs 	Promoting decarbonization through financial services <ul style="list-style-type: none"> • Promoting loans for solar power generation, storage batteries, and zero-energy housing (ZEH), and issuing green bonds 	Promoting diversity and inclusion <ul style="list-style-type: none"> • Supporting the participation of women and seniors • Further promoting work-life balance • Promoting health and productivity management • Promoting employment of the elderly and disabled persons 	Strengthening corporate governance <ul style="list-style-type: none"> • Strengthening functions of the Board of Directors
Raising the sophistication of information security <ul style="list-style-type: none"> • Strengthening data security and cybersecurity and compliance with international standards • Implementing fraud detection measures 	Improving resilience to natural disasters <ul style="list-style-type: none"> • Utilizing renewable energy • Supporting post-disaster reconstruction (low-interest loans and payment moratoriums for disaster victims) 		Respecting human rights <ul style="list-style-type: none"> • Implementing LGBTQ-related initiatives • Implementing engagement survey 	Strengthening risk management <ul style="list-style-type: none"> • Increasing the sophistication of ERM • Putting in place anti-money laundering/countering the financing of terrorism (AML/CFT) measures
Providing financial services as infrastructure to support local communities and livelihoods <ul style="list-style-type: none"> • Expanding a range of services related to housing, education, health, and asset management 			Undertaking social contribution activities <ul style="list-style-type: none"> • Supporting welfare facilities for the disabled through internal sales events, etc., donations via employee credit cards, and by issuing credit cards that include donation of a set percentage of card transactions 	Thorough compliance
Promoting the shift to a cashless society				

Initiatives to Address Climate Change and Response to the Task Force on Climate-related Financial Disclosures (TCFD)

The JACCS Group believes that while working toward the realization of a sustainable society, it is important to contribute to solutions to emerging environmental and social issues through its business operations. Within environmental issues, we recognize that climate change in particular is one of the issues that has a serious impact on customers, member stores and other

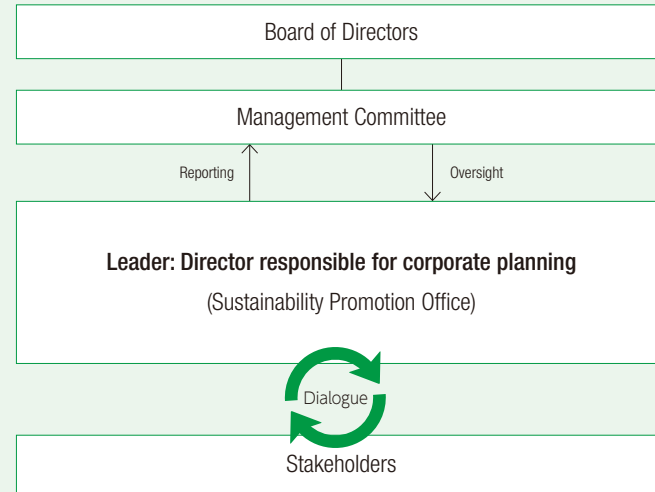
business partners, and the Group's business operations. At present, the Group is engaged in responding to recommendations of the TCFD, under which companies analyze the impact of climate change on their financial position, and disclose this information.

1. Corporate Governance

Underpinned by the management principle that "JACCS contributes to the realization of a future inspired by dreams and an affluent society," the Group established its Basic Policy on Sustainability. In line with this, by contributing—through its business operations—to solutions to issues faced by society, the Group strives to realize a sustainable society, while simultaneously enhancing its corporate value.

- The Group recognizes that the protection and management of the earth's environment are critical tasks shared by all of humankind. Based on regular reports from the Company's Sustainability Promotion Office and other bodies, the Board of Directors and Management Committee deliberate on important matters relating to climate change, and oversee programs designed to address these issues.
- The director responsible for corporate planning, who is also a member of the Management Committee and Board of Directors, is assigned as the JACCS Group Sustainability Promotion Leader. It is this officer's role to integrate

sustainability into business activities and management strategy, while promoting initiatives related to sustainability.



2. Strategies

The JACCS Group carries out scenario analyses to assess the impact of future climate change on the Company's business.

Scenario analyses hypothesize a range of climate change scenarios,

including a "2°C scenario." These analyze medium- to long-term changes in the social environment and the Group's business environment driven by climate change, including both risks and opportunities.

Risks

The Company's operating performance may be affected by such factors as increases in energy procurement expenses driven by climate change-related

policies and strengthened regulation, and impairment of the security value of financing products owing to the occurrence of natural disasters.

Type of Risk		Summary of Risk
Transitional risk	Policies and regulations	Energy prices rise and energy procurement expenses increase driven by the advance of carbon pricing.
Transitional risk	Market	Owing to lack of action regarding decarbonization-related products, or delay in responding to such needs, the Company's opportunities for handling such products decrease.
Transitional risk	Reputation	The Company's reputation declines owing to insufficient responses to climate change issues, resulting in transactional opportunity losses, difficulty in recruiting personnel, and increases in funding expenses.
Physical risk	Acute	Owing to natural disasters, security value of the Company's financing products is impaired, and credit-related expenses increase.
Physical risk	Acute	Owing to natural disasters, business operations are suspended at the Company, its member stores, and alliance partner stores, and countermeasure and recovery expenses increase.

Opportunities

The Company anticipates an increase in opportunities to handle products related to decarbonization and eco-friendly products.

Type of Opportunity	Summary of Opportunities
Products and services	Expansion of opportunities to handle decarbonization-related facilities and equipment, and eco-friendly products.
Reputation	Through proactive efforts to respond to climate change issues, the Company's reputation is enhanced, it gains competitive advantage in recruitment of personnel, and funding expenses decreases.

3. Risk Management

Climate change risk is a serious risk that may affect the Company's overall management. The JACCS Group recognizes that in the event that climate change risk materializes, it may have a cascading effect on many other risk categories affecting the Group, centering on credit risk and operational risk.

4. Benchmarks and Targets

The JACCS Group recognizes that reducing greenhouse gas (GHG) emissions is one of its most critical tasks within efforts to achieve sustainability. The Group sets medium- to long-term emission-reduction targets, and proactively implements programs aimed at reducing emissions.

Scope	CO ₂ Emissions (Unit: t-CO ₂)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Scope 1	1,728 (22%)	1,618 (22%)
Scope 2	6,015 (78%)	5,837 (78%)
Total	7,743 (100%)	7,456 (100%)

Scope 1: Direct GHG emissions by the business operator itself
Scope 2: Indirect GHG emissions accompanying the use of electricity, heat, and steam supplied by other companies

Based on the JACCS Group's Risk Management Regulations, the Group is developing a framework for managing climate change risk in an integrated manner along with such risks as credit risk and operational risk.

Measures by the JACCS Group Aimed at Reducing Medium- to Long-Term GHG Emissions

As a specified business operator pursuant to the revised Act on the Rational Use of Energy, the JACCS Group sets a target of at least 1% annual reduction in energy use. The Group has pursued such measures as the adoption of fuel-efficient vehicles, reduction in the use of copier paper, and reduction in energy usage, such as electricity. As the Group works toward achieving a net-zero carbon footprint by 2050, it is striving to reduce emissions through further reductions in energy use and by switching to the procurement of renewable energy.

Protecting the Environment

Contributing through Our Business Activities to Reductions in CO₂ Emissions

We have established the JACCS Group Basic Environmental Code, and within the principles for action it sets out, one of the key tasks is to proactively support environment-friendly products through the credit business.

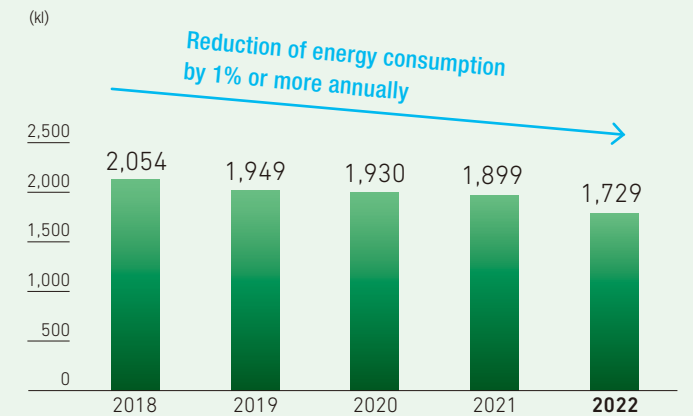
In the credit business, JACCS is promoting the provision of loans that will facilitate the adoption of such technologies as solar power generation equipment, storage batteries, and ZEH, as well as vehicles that use clean energy, including EVs and FCVs. By supporting the generation of renewable energy and promoting the use of clean energy, JACCS is contributing to reduced CO₂ emissions.

Reducing Energy Consumption

As a specified business operator designated under the Act on the Rational Use of Energy, JACCS has set a target of reducing its energy consumption by 1% or more annually. The Company is actively promoting measures aimed at reducing CO₂ emissions, including the adoption of fuel-efficient vehicles, and converting to paperless operations through reduction in the use of copier paper. In the fiscal year ended March 31, 2022, the Company's energy consumption

was equivalent to 1,729 kl of crude oil, down 9.0% compared with the previous fiscal year. JACCS will maintain its target of reducing energy consumption at 1% or more annually, and strive to cut its energy usage, including electricity.

Energy Consumption



Activities Related to Society

Customer-Related Activities

Maintaining and enhancing computer system security

Information received from customers is centrally managed on the Company's core computer system, called "JANET," which is protected by an advanced system security.

To continuously maintain and enhance system security, the Company has acquired certification under the international standard relating to information security, ISO/IEC 27001, and has established an information security management system. The JANET core system, the Company's web-based systems, and its authorization system have received conformity certification under the Payment Card Industry Data Security Standard (PCIDSS), which is an internationally recognized standard relating to credit card information protection. JACCS undertakes these and other activities to ensure the security of its systems is maintained.

In February 2022, with the aim of strengthening web services security and countermeasures related to unauthorized login, the Company extended coverage of the super-distributed cloud-based WAF* service platform and Bot Manager service provided by Akamai Technologies GK to its entire web service. Through this extended coverage, when incidents occur we are able to execute strengthened responses with greater speed and precision, as well as further strengthen web security. In addition, by detecting unauthorized login in advance and blocking such incursions, we are able to prevent attacks that could lead to the leak of card member information or fraudulent card use.

In response to increasingly elaborate methods of attack, we work to rapidly detect signs of attacks, and are striving to strengthen security systems that make possible appropriate prevention and countermeasures. We are committed to providing an environment in which customers are assured of safety, security, and convenience.

* WAF: Acronym for Web Application Firewall. A WAF carries out defense against attacks that exploit fraudulent communications and vulnerabilities in relation to web applications.

JACCS' customer center awarded "3 stars" (highest) rating in the HDI Rating Benchmark for the second consecutive year

JACCS' customer center implements a diverse range of programs focused on improvement of such areas as customer service quality and service convenience. Specifically, the customer center aims to contribute to the retention of customers and business partners, earnings growth, and enhancement of the Group's brand image.



As a result of these efforts, in the fiscal year ended March 31, 2022, JACCS was awarded the highest rating of "3 stars" for the second consecutive year in the Call Log/Quality Rating (Center Evaluation) section

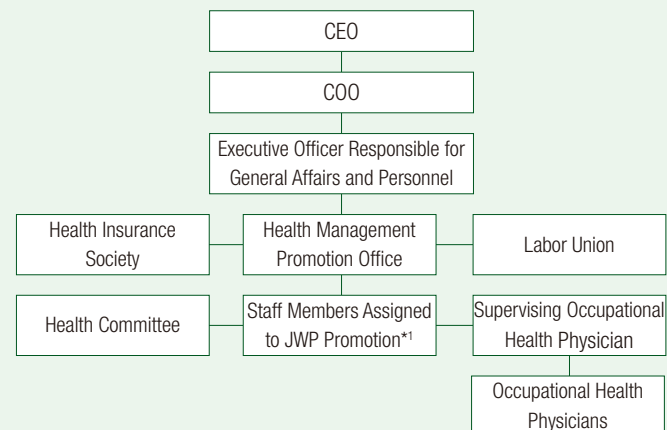
of the 2022 HDI Rating Benchmark, organized by HDI-Japan. The HDI Rating Benchmark is an evaluation program with four rating levels—3 stars being the highest and no stars the lowest. The evaluations utilize criteria based on HDI's international standard. The Quality Rating section, in which the customer center was awarded 3 stars, is assessed using five criteria types—service organization, communication, response skill, process/response handling procedures, and dealing with difficulties. JACCS received the highest evaluation in three criteria—service organization, response skill, and process/response handling procedures.

Programs for Employees

Promoting health and productivity management

The Company recognizes the importance of each employee being able to work energetically and with peace of mind while maintaining a high level of physical and mental health. Based on a health and productivity management philosophy, JACCS works strategically to maintain and enhance employee health, and aims to realize working styles and a work environment in which employees can achieve a work-life balance. Employees take their own initiative too in efforts to realize a work-life balance, and work while maintaining a sense of satisfaction and fulfillment as they aim to lead a rich life, both physically and mentally. Through efforts to reform working styles, and strengthened collaboration on health issues with the Company's health insurance society, JACCS supports the maintenance and enhancement of employee health. JACCS' fundamental policy is to aim for the realization of an open, employee-friendly work environment. As part of the structure to promote these objectives, the Company established the Health and Productivity Management Promotion Committee.

Organizational Structure of Health and Productivity Management



*1 A staff member in each organizational unit is assigned to be in charge of JWP promotion. JWP stands for the JACCS Work-Life Balance Promotion Initiative. The assigned staff member's role is to promote measures for better understanding and awareness of JWP.

The Health Management Promotion Office takes the lead role, and in the fiscal year ended March 31, 2022, it implemented a range of programs aimed at making qualitative improvements to the work environment.

As part of its reform of working styles, the Company has been

implementing the JACCS Work-Life Balance Promotion (JWP) initiative, which aims to help employees enhance their working and home lives. Specific results of the measures implemented were as follows.

Percentage of employees having at least three days per month with no overtime worked and taking one "Premium Weekday" per month*2

	2020	2021	2022
Achievement ratio	98.8%	98.4%	99.1%

*2 JACCS' version of "Premium Friday." Under this program, one weekday per month (in principle, the last Friday of each month) is designated, and employees commence work at 9:45 a.m. and leave work at 3:00 p.m. on that day. If an employee is unable to take the Premium Weekday on the designated day for reasons of work commitments, etc., they may take it on an alternate day. Hence, the program is operated in a fair and flexible manner.

Average percentage of allocated annual leave days taken by employees

	2020	2021	2022
Achievement ratio	67.4%	65.9%*3,4	74.9%

*3 In the fiscal year ended March 31, 2021, owing to measures implemented to prevent the spread of COVID-19, the conventional working styles of employees were significantly altered. Consequently, this goal was temporarily suspended.

*4 Average percentage of annual leave days taken by employees in the fiscal year ended March 31, 2021, is the reference actual result.

Overtime*5 worked per month is held down to a maximum of 30 hours*6

	2020	2021	2022
Employees' average monthly overtime hours	15.6 hours	13.1 hours	12.9 hours

*5 Includes hours exceeding the Company's prescribed working hours, which are within the statutory working hours.

*6 Employees who report chronic overtime are required to submit a report on the reasons for this, and an interview and reform of their work practices is carried out.

Helping Female Employees Reach Their Potential

For JACCS, assisting female employees in reaching their potential is a key task for management. By supporting employees through a diverse array of working styles and expanding related programs, JACCS is striving to develop a work environment that will enable women to play a greater role in the Company—including helping them to achieve a balance between career and home life—and is building a human resources system to make this goal a reality.

Situation in the fiscal year ended March 31, 2022

1. Ratio of female recruits

Regular and full-time employees 66.5% (103) (including mid-career recruits)

2. Average monthly overtime hours*1 (Regular and full-time employees)

- Global employees*2 14.8 hours
- Regional employees*3 5.6 hours
- Average or all regular and full-time employees 8.9 hours

3. Ratio of female employees among management-level employees*4

(Defined as an employee who holds the position of section manager or higher, or an employee who has subordinates and holds a position one rank lower than section manager)

- 29.6% (211)

*1 Hours worked that exceed statutory working hours

*2 Global employees are recruited on the basis that they may be transferred to any JACCS Group office globally.

*3 Regional employees are recruited on the basis that they will be assigned to work in a specified region.

*4 As of March 31, 2022

Promoting Child-Rearing Assistance Programs

JACCS promotes the use of programs to support employees who are raising a family. Specifically, we are working to increase understanding and awareness of maternity and paternity leave programs, and other programs to assist in child-rearing, and to make such programs as user-friendly as possible.

Targets and results in the fiscal year ended March 31, 2022, for programs to promote the use of child-rearing leave programs

	Targets	Results
Ratio for female employees	At least 95%	100%
Ratio for male employees	At least 30%	77.2%

For further details regarding programs for employees, please refer to the following page within the corporate website.

<https://www.jaccs.co.jp/en/corporate/sustainability/employee.html>



External Certifications and Awards

- In September 2021, the Company received "Platinum Kurumin" certification from the Minister of Health, Labour and Welfare, as a company that has achieved excellence in its support programs for child-rearing, based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



- In December 2021, the Company received "Eruboshi" certification as a company that has achieved excellence in the implementation status of its action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace.



- In March 2022, the Company received "White 500" certification for the fifth consecutive year from the Ministry of Economy, Trade and Industry. This program recognizes organizations that achieve high-quality health and productivity management.



- In March 2022, for the third year in a row, JACCS received the "Hataraku Eru" award, which recognizes excellence in the implementation of corporate employee welfare programs. This award program is managed by the Employees Welfare Awards and Certification Executive Committee. Among the organizations certified, JACCS was selected as an "Excellent Employee Welfare Organization (Overall)" in recognition of the particularly high standard of its programs.



Social Contribution Initiatives

Social contribution through charitable donations

Examples of Initiatives in the Fiscal Year Ended March 31, 2022

Initiative	Summary
Donations to assist communities affected by natural disasters	Under the Company's "Lovely Point" program, customers accrue loyalty points each month based on card usage amount. Cardholders may redeem points to make charitable donations. In the fiscal year ended March 31, 2022, donations included: <ul style="list-style-type: none"> February 2021 Fukushima Prefecture offshore earthquake: Donation to disaster affected area, ¥310,000 August 2021 torrential rains: Donation to disaster-affected area, ¥410,000
Japan Guide Dog Association (JGDA) Card	Approximately ¥10.69 million donated to the JGDA through the donation of a set percentage of card transactions
Donation of loyalty points earned on employees' credit cards	Total of ¥5.13 million donated to 13 organizations, including the NPO Gold Ribbon Network, which supports child cancer patients

Social Contribution Initiatives in Cambodia

At JACCS' four overseas affiliate companies in the ASEAN region, we carry out social contribution activities under the theme of coexistence with local communities. In 2018, JACCS MICROFINANCE (CAMBODIA) PLC. (JMC) commenced offering motorcycle loans. Below is an introduction to the local activities carried out by JMC.

JMC employees plan and carry out social contribution activities under JACCS' corporate slogan, "Seed the Future." To date, activities have included donations to children's hospitals, blood donation drives within the company, and provision of goods to orphanages. In December 2021, JMC collaborated with a local NGO to donate educational materials to underprivileged Cambodian children. Employees worked in unison to make individual packages for 150 children, containing such items as stationery and water flasks, which they delivered to the children's schools. The children were very happy to receive the packages, and the project gave the participating employees firsthand experience of contributing to society.



IR Activities

Twice a year, the Company holds results briefings for analysts and institutional investors approximately one week after the announcement of interim and full-year results. In addition, the Company holds briefings as part of debt investor relations (IR) activities for financial institutions. Subsequent to the holding of briefings, the Company publishes a range of materials on its corporate website, including results briefing presentation materials, video of the entire briefing, a slideshow containing a transcription of the presentation, and content of the question and answer portion of the briefing. By producing a range of IR materials while conscious of the importance of fair disclosure, and providing clear explanations of the Company's performance and strategies, JACCS aims to increase understanding of the Group by investors and other stakeholders.

In addition to the publishing of the financial results statements submitted to the Tokyo Stock Exchange (*Kessan Tanshin*), the Company also publishes annual securities reports (*Yuka Shoken Hokokusho*), newsletters to shareholders, annual reports (Japanese and English editions), and other materials on its corporate website.

A dedicated IR manager is appointed within the Corporate Planning Department.

In the fiscal year ended March 31, 2022, the Company carried out IR activities in accordance with the COVID-19 pandemic. In May 2021, activities related to year-end results for the previous fiscal year took into account the pandemic. To prioritize the health and safety of participants, the Company decided to cancel its in-person results briefing. This was replaced by a results briefing by the president and COO, which was delivered via prerecorded video and made available via the corporate website. In November 2021, the interim results briefing was carried out using a hybrid format in a first for the Company. This enabled participation both in person and via online live streaming, and aimed to meet the needs of all shareholders and investors.

Subsequently, we held one-on-one meetings with analysts and investors using remote non-contact methods to prevent the spread of infection, including via telephone calls and web conferencing. Hence, the Company worked to carefully explain its efforts, including operating performance and management strategies.

Corporate Governance

Overview of Corporate Governance at the JACCS Group

Organizational format:	Company with Audit & Supervisory Board members
Number of directors:	12
Number of outside directors:	4
Number of outside directors designated as independent:	4
Term of office of directors:	1 year
Number of Audit & Supervisory Board members:	4
Number of outside Audit & Supervisory Board members:	2
Number of outside Audit & Supervisory Board members designated as independent:	2
Term of office of Audit & Supervisory Board members:	4 years
Accounting auditor:	KPMG AZSA LLC
Use of executive officer system:	Yes

Fundamental Corporate Governance Philosophy

The JACCS Group works to meet the trust and expectations of a broad array of stakeholders, including shareholders, customers, business partners, society, and the environment. We aim to realize sustainable growth for the Group and raise corporate value over the medium to long term. Simultaneously, our management maintains a strong focus on sustainability. In line with this philosophy, the Company is working to enhance the soundness and transparency of management and to strengthen management control systems and audit functions. The Company pursues corporate activities that comply with social justice.

The JACCS Group has defined its fundamental corporate governance philosophy, and formulated its basic policy relating to the framework and operation of corporate governance. For further details, please visit the JACCS website at:

https://www.jaccs.co.jp/en/corporate/about/governance_info/governance/



Policy Regarding Shareholdings

In cases where the Company holds shares in a business partner, the Company will make judgments regarding the propriety of such a shareholding and the number of shares to be held from a business operational perspective. Factors taken into consideration when making such decisions include the maintenance and strengthening of the relationship with the business partner, and the facilitation of business. As a result of this process, any shareholdings deemed not appropriate will be curtailed. Furthermore, with regard to the appropriateness of the decision-making process on the propriety of shareholdings and the number of shares to be held, each year the Board of Directors carries out a review.

As of March 31, 2015, the Company held shares in 115 companies.

However, by March 31, 2022, this figure had been reduced to 47 companies.

In cases where the Company exercises its voting rights related to its shareholdings, voting is carried out based on comprehensive considerations, including whether or not the resolution will contribute to the medium- to long-term enhancement of the business partner's corporate value, and whether or not the resolution will have any impact on the Company.

Corporate Governance Structure

The Company has established the Audit & Supervisory Board to ensure that the Board of Directors carries out appropriate decision-making and supervisory functions, as well as ensure that Audit & Supervisory Board members, who are appointed on an individual basis, appropriately carry out their audit functions. Through the strengthening of the functions of both the Board of Directors and the Audit & Supervisory Board, the Company is working to enhance corporate governance. The Company has established a system of executive officers, thereby clarifying the division of roles in the execution of operations, delegating authority, and ensuring expeditious execution of operations. Furthermore, the Company aims to realize effective and transparent corporate governance. Specifically, it has established the Nominations Advisory Committee and the Remuneration Advisory Committee as advisory bodies to the Board of Directors, and the Corporate Governance Committee as a body reporting directly to the Board of Directors.

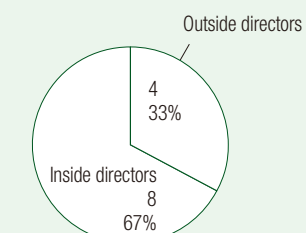
Executive officers hold responsibility and authority for the execution of operations, and comprise the CEO, COO, CFO, executive officers responsible for supervising specific functions, and executive officers. Executive officers are appointed through resolution of the Board of Directors.

Board of Directors

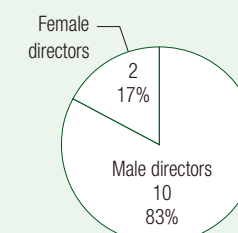
The Board of Directors determines the Company's basic management policies, and makes decisions regarding important operational matters and other matters delegated by resolution of the General Meeting of Shareholders. The Board of Directors also makes decisions on matters stipulated by law and the Company's Articles of Incorporation, and receives reports regarding the status of significant operational matters. Based on this structure, the Board of Directors oversees the operational execution of the Company's management.

The Board of Directors shall comprise at least three but no more than 13 members. Of those, at least one-third of the members shall be independent outside directors.

Ratio of Outside Directors within the Board of Directors



Gender Ratio within the Board of Directors



Audit & Supervisory Board Members and the Audit & Supervisory Board

As independent officers functioning under a mandate from the General Meeting of Shareholders, the Audit & Supervisory Board members audit the directors' execution of duties and have the role of carrying out a supervisory function over the Company in cooperation with the Board of Directors. The Audit & Supervisory Board is a body that holds discussions and makes decisions regarding the audits undertaken by the Audit & Supervisory Board members for the purpose of formulating opinions. Each Audit & Supervisory Board member utilizes the Audit & Supervisory Board as a means of ensuring effectiveness. As a body to support the Audit & Supervisory Board members' execution of duties, the Company has established the Audit & Supervisory Board Members' Secretariat and appointed dedicated staff to this body.

Management Committee

As an advisory body to the COO, the Management Committee comprises executive officers responsible for supervising each function of the Company's business organization. In principle, the committee convenes three times per month and broadly considers and deliberates on matters delegated by the Board of Directors, important operational matters, and various issues.

Audit Office

The Company has established the Audit Office, which reports directly to the COO, as an independent internal audit unit. The office considers and evaluates the effectiveness of risk management control and governance processes for the overall operations of each JACCS Group business site. The office also carries out internal audit operations based on the Fundamental Policy relating to the Internal Control System, etc.

Accounting Auditor

The Company appoints an accounting auditor, the appointment of which is based on standards established by the Audit & Supervisory Board.

Committees

● Nominations Advisory Committee

The Company has voluntarily established the Nominations Advisory

Committee as an advisory body to the Board of Directors. The committee considers and deliberates on nomination and dismissal proposals for directors, executive officers responsible for supervising specific functions, and Audit & Supervisory Board members, and reports its findings to the Board of Directors. The committee also considers and deliberates on the standards applied to ensure the independence of outside officers, and reports its findings to the Board of Directors. The committee's membership comprises representative directors, the director responsible for overseeing general affairs and personnel, and outside directors. By making independent outside directors a majority, the committee ensures that independence, objectivity, and transparency are maintained.

● Remuneration Advisory Committee

The Company has voluntarily established the Remuneration Advisory Committee as an advisory body to the Board of Directors. The committee considers and debates the performance of directors and executive officers responsible for supervising specific functions and the content of their remuneration, and reports its findings to the Board of Directors. The committee's membership comprises representative directors, the director responsible for overseeing general affairs and personnel, and outside directors. By making independent outside directors a majority, the committee ensures that independence, objectivity, and transparency are maintained.

● Corporate Governance Committee

The Company has established the Corporate Governance Committee as a body reporting directly to the Board of Directors. The committee considers and deliberates on matters relating to the following, and reports its findings to the Board of Directors.

- ERM for the JACCS Group
- JACCS Group compliance and the internal control situation
- Evaluation of the activities of such committees as the Compliance Committee, Internal Control Committee, and Personal Information Protection Committee, as well as review of important matters handled by these committees

The Corporate Governance Committee comprises representative directors, the director responsible for overseeing general affairs and personnel, the executive officer responsible for supervising general affairs and personnel, the executive officer responsible for supervising compliance,

and outside directors. The Company ensures the effectiveness of the committee through the inclusion of outside directors. Audit & Supervisory Board members (including outside Audit & Supervisory Board members) have the right to attend meetings of the committee, whether or not their attendance is specifically requested.

Outside Directors and Outside Audit & Supervisory Board Members

The Company has appointed four outside directors and two outside Audit & Supervisory Board members.

Based on the Companies Act and stipulations by stock exchanges regarding the independence of outside directors and outside Audit & Supervisory Board members, the Company has established the following as its Standards for the Independence of Outside Officers. If none of the following stipulations apply to an outside officer, the officer is judged to have independence.

Standards for the Independence of Outside Officers

1. A party with a material trading relationship with the Company, or an executive for such a party
2. A party that belongs to an organization that receives a large consulting fee from the Company in relation to accounting or legal consulting services, excluding officer remuneration
3. A major shareholder owning 5% or greater of the voting rights of the Company, or an executive of such a corporate body
4. A party who is related to a JACCS Group director, Audit & Supervisory Board member, or executive officer, etc., up to the second degree (e.g., spouse, parent, child, sibling, grandparent, or any such relative's spouse), or related to the second degree to any party fulfilling stipulations 1–3 above
5. A party who has held the appointment of outside officer for a long period

The Company convenes a committee comprised entirely of outside directors and outside Audit & Supervisory Board members. This committee conducts discussions regarding matters related to the Company's business and corporate governance. The committee members appoint one of the independent outside directors as the lead independent outside director by an internal committee vote. The lead independent outside director serves as

chair of the committee, which works to exchange information and share awareness, and makes recommendations to management.

Attendance by Directors and Audit & Supervisory Board Members at Meetings of the Board of Directors and Meetings of the Audit & Supervisory Board

Attendance at meetings of the Board of Directors and meetings of the Audit & Supervisory Board during the fiscal year ended March 31, 2022, was as follows.

Number of meetings convened of the Board of Directors and the Audit & Supervisory Board	7 meetings of each board
Directors	Meetings of the Board of Directors Attendance* 100%
Audit & Supervisory Board members	Meetings of the Audit & Supervisory Board Attendance* 100% Meetings of the Board of Directors Attendance* 100%

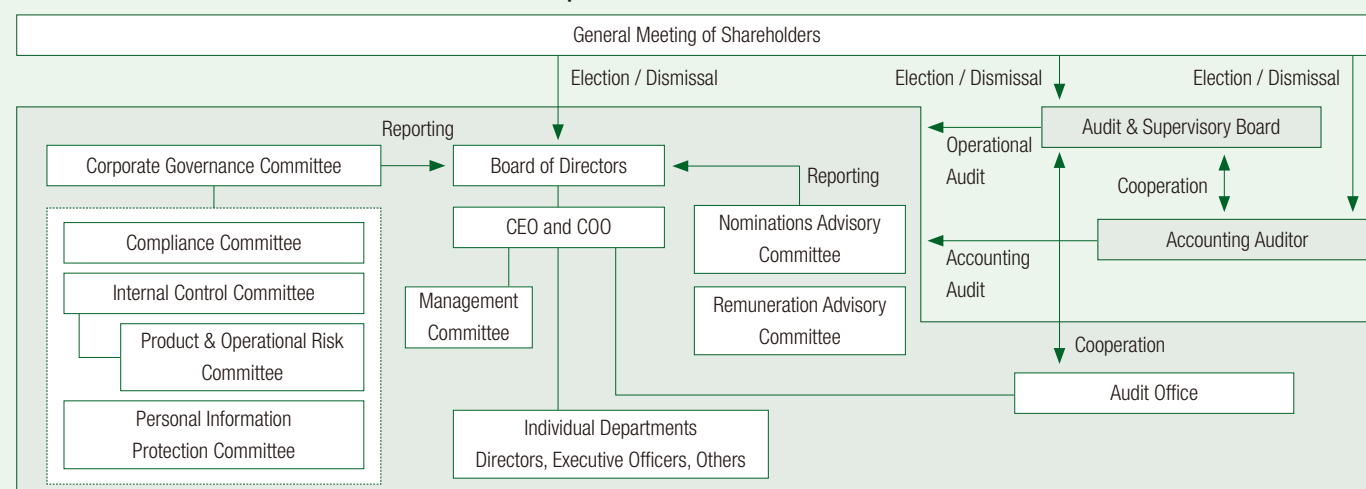
* Rate of attendance by directors and Audit & Supervisory Board members at meetings held during each member's respective terms of office

Evaluation of Effectiveness of the Board of Directors

Every year, the Board of Directors conducts an analysis and evaluation of its effectiveness. In the evaluation carried out in May 2022, the Company implemented a survey of directors and Audit & Supervisory Board members. The survey covered the following themes: composition of the Board of Directors; operation of the Board of Directors; fullness of deliberation of the Board of Directors; support structure for the Board of Directors; management strategy and business strategies; corporate ethics and risk management; and enhancement of relationships with shareholders and other stakeholders. In addition to identifying issues, the Board of Directors held discussions on how to respond to the issues raised. An external organization was commissioned to implement the survey so that respondents could offer their candid opinions, and to ensure that objective analysis of the data would be carried out.

The results of the evaluation confirmed that effectiveness of the Board of Directors is for the most part maintained. In the future, the Company will aim to raise the level of the Board of Directors even higher, and will carry out measures designed to enhance the Board's effectiveness.

Corporate Governance Structure



Skill Matrix of Directors

Name of director		Corporate management	Sales and marketing	Global business	Finance and accounting	Human resources and labor relations	IT and systems	Legal affairs and risk management
Toru Yamazaki	Chairman, CEO and Representative Director	●	●	●				●
Ryo Murakami	President, COO and Representative Director	●	●					●
Hitoshi Chino	Director and Senior Managing Executive Officer		●					●
Takashi Saitou	Director, CFO and Senior Managing Executive Officer	●			●	●		●
Kenichi Oshima	Director and Managing Executive Officer					●	●	●
Toshio Sotoguchi	Director and Managing Executive Officer	●		●				●
Osamu Ohta	Director and Senior Executive Officer						●	
Ichiro Kobayashi	Director and Senior Executive Officer		●					●
Masahito Suzuki	Outside Director	●		●	●			●
Junko Nishiyama	Outside Director		●					●
Kyoko Okada	Outside Director		●			●		●
Hiroji Sanpei	Outside Director	●	●			●		●

Notes:

1. The table above describes the skills that are specifically expected of each director.
2. All directors practice corporate management in accordance with the Company's Basic Policy on Sustainability. Consequently, the table above does not include sustainability as a skill category.

Compensation of Officers

Total compensation of directors is set by a resolution of the 90th Ordinary General Meeting of Shareholders, held on June 25, 2021, within a maximum annual limit of ¥600 million. Within this total, the total annual compensation of outside directors is set within a maximum annual limit of ¥50 million. This total compensation amount includes a restricted stock compensation plan and performance share unit (stock-based program linked to business performance). At present, there are 12 directors, including four outside directors. A resolution of the Ordinary General Meeting of Shareholders, held on June 28, 2018, set a maximum annual limit for total monetary compensation under the restricted stock compensation plan at ¥126 million, and a maximum annual limit for total monetary compensation claims and cash under the performance share unit (stock-based program linked to business performance) at ¥72 million.

Compensation for Audit & Supervisory Board members is set by a resolution of the 90th Ordinary General Meeting of Shareholders, held on June 25, 2021, within a maximum annual limit of ¥80 million. At present, there are four Audit & Supervisory Board members, including two outside members.

The composition of compensation of officers, and the method for determining compensation, are as follows.

1. Compensation of executive directors

Compensation of executive directors comprises basic compensation (cash compensation) and compensation linked to business performance (stock-based compensation).

(i) Basic compensation (Cash compensation)

Basic compensation is determined based on the position held by each director.

(ii) Compensation linked to business performance (Stock-based compensation)

The Company introduced a stock-based compensation program utilizing shares with restriction on transfer, and a performance share unit (stock-based program linked to business performance). The objectives of these

programs are to provide a medium- to long-term incentive as well as create a compensation structure that further promotes shared value with shareholders, and thereby promote sustainable growth in corporate value. The stock-based compensation program utilizing shares with restriction on transfer grants shares as performance-based compensation applicable to a single fiscal year in accordance with performance evaluation ranks for each position. The performance share unit (stock-based program linked to business performance) grants shares and cash after the conclusion of a medium-term business plan, with performance evaluation ranks established based on the level of achievement of the medium-term business plan. Details of these programs are described in the Company's annual securities report (*Yuka Shoken Hokokusho*) within "Part 4: Status of the Submitting Company; 1. Status of shares, etc. (8) Details of share ownership programs for officers and employees."

Indicators, targets (initial formulation), and results for the performance share unit (stock-based program linked to business performance) applicable to the medium-term business plan that concluded in the fiscal year ended March 31, 2021, were as follows. Stock-based compensation and cash compensation were delivered in August 2021.

Consolidated Ordinary Income	Targets (Millions of Yen)	Results (Millions of Yen)
Fiscal year ended March 31, 2019	12,700	14,448
Fiscal year ended March 31, 2020	14,500	16,700
Fiscal year ended March 31, 2021	16,100	16,506

Consolidated Total Operating Revenue	Targets (Millions of Yen)	Results (Millions of Yen)
Fiscal year ended March 31, 2019	147,800	145,836
Fiscal year ended March 31, 2020	155,500	158,610
Fiscal year ended March 31, 2021	169,500	160,650

2. Compensation of outside directors

Compensation of outside directors comprises basic compensation (cash compensation) only.

3. Procedures for determining compensation of officers

The procedures for determining compensation of officers are based on the Internal Rules regarding Officer Compensation established by the Board of Directors. To ensure that objectivity and transparency are maintained during the determination of compensation, the Remuneration Advisory Committee comprehensively considers the draft plan, including such aspects as the determination policy and consistency. The Board of Directors respects the content of the report received from the committee, and judges that the relevant content complies with the determination policy.

4. Compensation of Audit & Supervisory Board members

Compensation of Audit & Supervisory Board members comprises basic compensation (cash compensation) only, and is determined after discussions by the Audit & Supervisory Board.

Total compensation by officer category, type of compensation, and number of directors or Audit & Supervisory Board members is shown in the table on page 36.

Strengthening of the Internal Control System

In addition to building an expeditious and efficient structure for operational execution, the Company believes that strengthening the compliance system of the entire Group and establishing a highly independent internal audit system is extremely important. Hence, the Company has established specialist organizational units responsible for each of these functions.

Furthermore, the Company has established the Fundamental Policy relating to the Internal Control System. For further details, please visit the JACCS website (in Japanese only) at:
https://www.jaccs.co.jp/corporate/about/governance_info/system.html



Information Disclosure System

The Company believes that a proactive stance toward disclosure serves to increase the trust of stakeholders, and is essential for maintaining management accountability. To this end, the Company formulated a Disclosure Policy, and carries out disclosure so that stakeholders can be cognizant of important information quickly, correctly, and fairly.

Measures to Revitalize the General Meeting of Shareholders and Promote the Exercise of Voting Rights

The Company works to dispatch notices of convocation of the General Meeting of Shareholders as early as possible. Notice of the Ordinary General Meeting of Shareholders held on June 29, 2022, was dispatched on June 7, 2022. An English translation of the notice of convocation (summary version) is published on the JACCS website. To promote the exercise of voting rights, the Company participates in an electronic voting platform.

Total Compensation by Officer Category, Type of Compensation, and Number of Directors or Audit & Supervisory Board Members

Officer category	Total compensation (Millions of Yen)	Total compensation by type (Millions of Yen)					Number of directors or Audit & Supervisory Board members
		Basic compensation	Stock-based compensation utilizing shares with restriction on transfer	Retirement allowance	Performance share unit	Non-cash compensation, etc., included within the amount shown on the left	
Directors (excluding outside directors)	410	338	46	—	13	13	8
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	43	42	—	—	0	0	3
Outside officers	46	46	—	—	—	—	6

Notes:
1. The amounts presented have been truncated to whole million-yen amounts.
2. Pursuant to resolutions of the 90th Ordinary General Meeting of Shareholders, held on June 25, 2021, the total annual amount of directors' compensation is set within a ¥600 million limit (including the total annual amount of compensation of outside directors set within a ¥50 million limit), and the total annual amount of compensation of Audit & Supervisory Board members is set within a ¥80 million limit.
3. The officers' compensation presented in the above table includes that of one Audit & Supervisory Board member whose term of office ended at the conclusion of the 90th Ordinary General Meeting of Shareholders, held on June 25, 2021.
4. The performance share unit (stock-based program linked to business performance) delivered stock-based compensation and cash compensation in August 2021 in accordance with results of the medium-term business plan that concluded in the fiscal year ended March 31, 2021.
5. Although compensation of Audit & Supervisory Board members comprises basic compensation (cash compensation) only, with regard to the performance share unit, stock-based compensation and cash compensation is delivered in accordance with the periods in which an individual served as an executive officer prior to being appointed a member of the Audit & Supervisory Board.

Message from an Independent Outside Director

In the year since I was appointed as an independent outside director of JACCS Co., Ltd., in June 2021, I have attended meetings of the Board of Directors and the Corporate Governance Committee. Furthermore, I have participated in such activities as discussions on the Company's sustainability-related programs and the formulation of JACCS' 14th three-year medium-term business plan. During this time, there was a further revision of Japan's Corporate Governance Code, and the Company steadfastly responded to social needs while working to improve its corporate governance. The steady growth achieved by JACCS to date has been the result of the leadership provided by senior management, the excellent operational execution carried out by the Group's directors and employees, along with sound corporate governance. During the process to formulate the new three-year medium-term business plan, I believe that discussions were able to leverage the diversity of the Board of Directors. This included frequent remarks from outside officers urging directors and officers to "value the JACCS identity." On the execution side, management sincerely took on board a wide range of proposals from outside officers and responded flexibly. As a result, we were able to achieve an extremely robust formulation of the medium-term business plan. From the fiscal year ending March 31, 2023, we will closely monitor the progress of the plan.

Meanwhile, I believe that there is still room for further development of the Nominations Advisory Committee. This includes such aspects as the form and function of the committee as well as its skills matrix. I would like to adopt measures that aim for an enhanced level of sophistication under a new structure.

For many years, I worked at a cosmetics manufacturer in the field of value creation in the context of points of interaction with society. Currently, I serve as an outside director for several companies. Leveraging this experience while striving to apply an external perspective to JACCS' management, I am committed to making a contribution to the Company's sustainable growth and enhancement of its corporate value.



Kyoko Okada
Independent Outside Director

Board of Directors

(As of June 29, 2022)



Chairman, CEO and Representative Director

Toru Yamazaki

Apr. 1982 Joined the Company
 Oct. 2009 Executive Officer and General Manager of First Sales Promotion Department of Business Strategy Department
 Oct. 2011 Executive Officer and General Manager of Shopping Credit Promotion Department of Business Strategy Department
 June 2012 Executive Officer and General Manager of Chubu Area
 June 2013 Senior Executive Officer and General Manager of Kinki Area
 June 2015 Senior Executive Officer and General Manager of Shutoken Area
 June 2016 Director and Senior Executive Officer (Supervisor of Corporate Planning)
 June 2017 Director and Managing Executive Officer (Supervisor of Corporate Planning)
 June 2018 President, COO and Representative Director
 June 2022 Chairman, CEO and Representative Director



President, COO and Representative Director

Ryo Murakami

Apr. 1985 Joined the Company
 June 2012 Executive Officer and General Manager of Shopping Credit Promotion Department
 June 2016 Senior Executive Officer and General Manager of Chubu Area
 June 2018 Senior Executive Officer (Supervisor of Credit Business, Business Strategy Department)
 June 2019 Senior Executive Officer (Deputy General Manager of Business Strategy Department and Supervisor of Credit Business)
 June 2020 Director and Managing Executive Officer (Supervisor of Corporate Planning)
 June 2022 President, COO and Representative Director



Outside Director*

Masahito Suzuki

Apr. 1980 Joined Kirin Brewery Company, Limited
 Mar. 2007 Seconded to Kirin Beverage Company, Limited
 Mar. 2008 Executive Officer and General Manager of Corporate Planning Department
 Mar. 2009 Director of the Board and General Manager of Corporate Planning Department
 Mar. 2012 Director of the Board & CFO of Kirin Holdings Company, Limited
 Mar. 2013 Director of the Board & CFO of Kirin Holdings Company, Limited and Director of the Board of Kirin Company, Limited
 Mar. 2014 Audit & Supervisory Board Member of Kirin Holdings Company, Limited and Audit & Supervisory Board Member of Kirin Company, Limited
 June 2018 Outside Director of WORLD CO., LTD. (current position)
 June 2018 Outside Director of AJS Co., Ltd. (current position)
 June 2018 Director of the Company (current position)



Outside Director*

Junko Nishiyama

Apr. 1979 Joined Lion Fat and Oil Co., Ltd. (currently Lion Corporation)
 Mar. 2006 Executive General Manager of Purchasing Headquarters of Lion Corporation
 Mar. 2007 Product Purchasing Manager, Production Department, Production Division 2
 Jan. 2009 Head of Container and Packaging Technologies, Research and Development
 Jan. 2014 General Manager of CSR
 Mar. 2015 Audit & Supervisory Board Member
 Mar. 2019 Independent Director of EBARA CORPORATION (current position)
 June 2019 Director of the Company (current position)
 June 2020 Outside Corporate Auditor of TODA CORPORATION (current position)



Outside Director*

Kyoko Okada

Apr. 1982 Joined Shiseido Company, Limited
 Oct. 2011 General Manager of Corporate Culture Department
 Oct. 2012 General Manager of Corporate Culture Department, and Group Leader for the 150-Year History Compilation Project
 Apr. 2015 General Manager, Executive Section, General Affairs Department
 June 2015 Standing Audit & Supervisory Board Member
 June 2019 Outside Corporate Auditor of SUBARU CORPORATION (current position)
 June 2019 Outside Audit & Supervisory Board Member of NS Solutions Corporation
 June 2020 Outside Audit & Supervisory Board Member of Daio Paper Corporation (current position)
 June 2021 Director of the Company (current position)
 June 2022 Outside Audit & Supervisory Board Member of NEC Corporation (current position)



Outside Director*

Hiroji Sanpei

Apr. 1977 Joined The Nippon Fire & Marine Insurance Co., Ltd. (currently Sompo Japan Insurance Inc.)
 Jun. 2008 Executive Officer and General Manager of Sales Planning Division at NIPPONKOA Insurance Co., Ltd. (currently Sompo Japan Insurance Inc.)
 Apr. 2010 Managing Executive Officer and General Manager of Sales Promotion Division
 Apr. 2011 Senior Managing Executive Officer responsible for Head Office Sales Division
 Apr. 2011 Senior Managing Executive Officer of Sompo Japan Insurance Inc.
 Apr. 2014 President and Representative Director of Sompo Japan Nipponkoa Career Staff Co., Ltd. (currently Sompo Corporate Services Inc.)
 Oct. 2019 Advisor to Felice Law Office, Hyogo (current position)
 June 2022 Director of the Company (current position)

* The four outside directors are registered as independent directors with the Tokyo Stock Exchange.



Director and Senior Managing Executive Officer

Hitoshi Chino

General Manager of Business Strategy Department and Supervisor of Credit Screening and Operation

Apr. 1981 Joined the Company
 June 2006 Executive Officer and General Manager of Credit Card Promotion Department of Business Strategy Department
 Oct. 2008 Executive Officer and General Manager of Hokkaido Area
 Oct. 2010 Executive Officer and General Manager of Kita-Kanto Area
 June 2012 Senior Executive Officer and Supervisor of Credit Screening and Operation
 June 2016 Managing Executive Officer and Deputy General Manager of Business Strategy Department
 June 2018 Director and Managing Executive Officer (Deputy General Manager of Business Strategy Department and Supervisor of Credit Card and Payments Business)
 June 2019 Director and Managing Executive Officer (Supervisor of Credit Management and Credit Screening and Operation)
 June 2020 Director and Senior Managing Executive Officer (General Manager of Business Strategy Department and Supervisor of Credit Business)
 June 2021 Director and Senior Managing Executive Officer (General Manager of Business Strategy Department)
 June 2022 Director and Senior Managing Executive Officer (General Manager of Business Strategy Department and Supervisor of Credit Screening and Operation)



Director, CFO and Senior Managing Executive Officer

Takashi Saitou

Supervisor of Credit Management

Apr. 1983 Joined The Mitsubishi Bank, Limited (currently MUFG Bank, Ltd.)
 June 2010 Executive Officer in charge of East Japan Area Branches of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)
 May 2011 Executive Officer and Manager of Corporate Administration Division
 June 2012 Director and President of Chitose Kosan Co., Ltd. (currently Chitose Corporation)
 June 2016 Adviser of the Company
 June 2016 Senior Executive Officer and General Manager of Audit Office
 June 2017 Director and Managing Executive Officer (Supervisor of Compliance and General Affairs and Personnel)
 June 2018 Director and Managing Executive Officer (Supervisor of Compliance and General Affairs and Personnel, and Credit Screening and Operation Department)
 June 2019 Director and Managing Executive Officer (Supervisor of Accounting and Finance and Compliance Department)
 June 2020 Director, CFO and Managing Executive Officer (Supervisor of Accounting and Finance)
 June 2021 Director, CFO and Managing Executive Officer
 June 2022 Director, CFO and Senior Managing Executive Officer (Supervisor of Credit Management)

Director and Managing Executive Officer

Toshio Sotoguchi

Supervisor of International Business and General Manager of International Business Department

Apr. 1983 Joined the Company
 June 2013 Executive Officer and General Manager of Auto Loans Department
 June 2015 Senior Executive Officer and General Manager of Chubu Area
 June 2016 Senior Executive Officer and General Manager of Shutoken Area
 June 2018 Senior Executive Officer and Supervisor of Credit Screening and Operation
 July 2019 Senior Executive Officer and Representative Director of JACCS FINANCE PHILIPPINES CORPORATION
 June 2021 Managing Executive Officer and Representative Director of JACCS FINANCE PHILIPPINES CORPORATION
 June 2022 Director and Managing Executive Officer (Supervisor of International Business and General Manager of International Business Department)

Director and Senior Executive Officer

Ichiro Kobayashi

Supervisor of Corporate Planning

Apr. 1991 Joined the Sanwa Bank, Limited (currently MUFG Bank, Ltd.)
 July 2016 Branch Manager of Tamagawa Branch
 Apr. 2019 General Manager of Corporate Planning Department of the Company
 June 2019 Executive Officer and General Manager of Corporate Planning Department
 June 2022 Director and Senior Executive Officer (Supervisor of Corporate Planning)

Audit & Supervisory Board Members

(As of June 29, 2022)

Audit & Supervisory Board Member (Full-time)

Terukazu Shimokawa

Apr. 1987 Joined the Company
 June 2015 Executive Officer and General Manager of Credit Screening and Operation
 June 2017 Executive Officer and General Manager of Kyushu Area
 June 2020 Full-time member of Audit & Supervisory Board of the Company (current position)

Audit & Supervisory Board Member (Full-time)

Yasuyuki Okumoto

Apr. 1989 Joined The Mitsubishi Bank, Limited (currently MUFG Bank, Ltd.)
 Nov. 2007 General Manager of Investment Banking Planning Division, Mitsubishi UFJ Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
 Apr. 2008 Director of Marunouchi Capital Inc.
 Sep. 2008 President and Director of MJS Principal Investments Co., Ltd. (currently Mitsubishi UFJ Securities Holdings Co., Ltd.)
 Nov. 2008 General Manager of Investor Relations, Mitsubishi UFJ Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
 Jan. 2014 Yasu Dori Branch Manager, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)
 June 2017 Joined the Company as General Manager of the Guarantee Business Department, Business Strategy Department
 Apr. 2019 Executive Officer and General Manager of the Guarantee Business Department, Business Strategy Department
 June 2020 General Manager of Finance Department
 June 2021 Full-time member of Audit & Supervisory Board of the Company (current position)

Outside Audit & Supervisory Board Member**

Shinji Murakami

Nov. 1977 Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)
 Aug. 1985 Registered as Certified Public Accountant
 June 2007 General Manager of Business Administration Division
 Apr. 2014 General Manager of Business Administration Division, Tohmatsu Challenged Co., Ltd.
 July 2015 Established Shinji Murakami Accounting Office (current position)
 June 2016 Member of Audit & Supervisory Board of the Company (current position)

Outside Audit & Supervisory Board Member**

Yusuke Komachiya

Dec. 2008 Registered as an attorney at Law
 Dec. 2008 Joined ONO SOGO LEGAL PROFESSION CORPORATION
 Mar. 2015 Representative, Japan Federation of Bar Associations
 Apr. 2015 Permanent Member, Tokyo Bar Association
 June 2019 Member of Audit & Supervisory Board of the Company (current position)

** The two outside Audit & Supervisory Board members are registered as independent auditors with the Tokyo Stock Exchange.



Director and Managing Executive Officer

Kenichi Oshima

Supervisor of Compliance and General Affairs and Personnel

Apr. 1982 Joined the Company
 Oct. 2011 Executive Officer and General Manager of Credit Management Department
 June 2013 Senior Executive Officer and Supervisor of Credit Management
 June 2015 Senior Executive Officer and General Manager of Hokkaido Area
 June 2016 Senior Executive Officer and Supervisor of Information Systems
 June 2019 Director and Managing Executive Officer (Supervisor of General Affairs and Personnel)
 June 2020 Director and Managing Executive Officer (Supervisor of General Affairs and Personnel and Credit Management)
 June 2021 Director and Managing Executive Officer (Supervisor of General Affairs and Personnel and Credit Management)
 June 2022 Director and Managing Executive Officer (Supervisor of Compliance and General Affairs and Personnel)



Director and Managing Executive Officer

Hirofumi Kato

Credit Screening and Operation

PT JACCS MITRA PINASTHIKA MUSTIKA

FINANCE INDONESIA

President Commissioner

Shingo Yuzue

Shutoken Area

Senior Executive Officers**Masahiro Hasukawa**

Audit Office

Masayuki Nemoto

Credit Management

Hiroki Yoshida

Credit Card and Payments Business, Business Strategy

Toshikazu Kondo

Credit Business, Business Strategy

Noboru Taniguchi

JACCS International Vietnam Finance Co., Ltd.

Representative Director

Director and Managing Executive Officer

Hirofumi Kato

Credit Screening and Operation

Kazuhiko Segawa

General Affairs and Personnel

Muneo Tobinaga

Accounting and Finance

Tatsuya Kosuge

Kinki Area

Akihito Suehiro

Tohoku Area

Satoru Yamashita

Financing Business, Business Strategy

Takeshi Yoshikawa

Chubu Area

Kazuaki Yamazaki

JACCS FINANCE PHILIPPINES CORPORATION

Representative Director

Director and Managing Executive Officer

Executive Officers**Naoki Akiba**

Compliance

Masatoshi Fukuyama

Chugoku-Shikoku Area

Yasuhiko Uchiyama

Hokkaido Area

Yosuke Sato

Kita-Kanto Area

Kenji Naiki

Credit Management

Toru Matsumura

Credit Card Promotion, Business Strategy

Seishi Tawaratumida

Guarantee Business, Business Strategy

Yoshito Shima

Shopping Credit Promotion, Business Strategy

Takeo Horikoshi

Auto Loans, Business Strategy

Director and Managing Executive Officer

Michitada Negoro

Credit Screening and Operation

Takeo Ueda

Payments Promotion, Business Strategy

Takashi Kuwamoto

Kyushu Area

Haruo Tamaki

Housing Loan Guarantee Promotion, Business Strategy

Hitoshi Yamada

Corporate Planning

Management's Discussion and Analysis

Analysis of Operating Performance

Overview

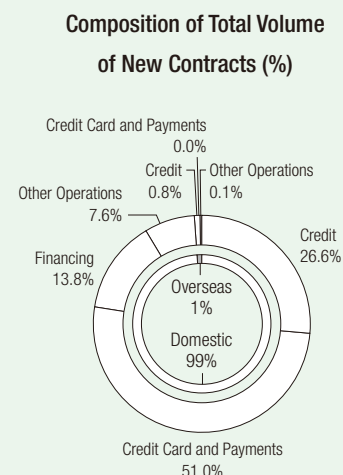
In the fiscal year ended March 31, 2022, the JACCS Group worked steadily to execute measures aimed at solving issues that had manifested during the previous medium-term business plan, and at realizing a recovery in operating performance in the overseas business.

In the domestic business, despite the impact of such factors as shortages of semiconductors and materials, the Group successfully implemented a range of marketing programs, and recorded a robust performance centering on the credit business and financing business.

In the overseas business, repeated lockdowns and tightening of restrictions—owing to the emergence of new waves of COVID-19 infections—led to harsh operating conditions. However, the Group worked to increase the rigorosity of its credit screening and strengthen collection of claims in arrears, as it strove for improvement on a profit basis.

As a result, on a consolidated basis, the total volume of new contracts amounted to ¥5,273,264 million, an increase of 6.0% compared with the previous fiscal year.

Total operating revenue grew 2.1%, to ¥164,070 million. This was underpinned by an increase in the volume of new contracts in the domestic business, as well as the balance of deferred installment income and the balance of credit guarantees, which the Group has built up to date.



In auto loans, the volume of new contracts and operating revenue grew despite greater-than-forecast impact from a worldwide shortage of semiconductors. This affected the volume of new contracts for domestically produced and imported vehicles, and led to delivery delays for new vehicles. The overall increases were underpinned by various campaigns executed by the Company centering on large dealerships specializing in used vehicles.

As a result, on a consolidated basis, the credit business recorded a 7.7% increase in the volume of new contracts, to ¥1,403,443 million. Operating revenue grew 3.2%, to ¥59,557 million.

• Credit Card and Payments Business

In card shopping, the volume of new contracts and operating revenue decreased. This reflected a slump in new members, as well as the lack of a full-fledged recovery in personal consumption owing to the impact of the declaration of a state of emergency and controls introduced by the Japanese government to prevent the spread of COVID-19.

In cash advances, the volume of new contracts increased, reflecting a recovery from the low level of demand for funds in the previous fiscal year. However, operating revenue decreased, owing to a decline in the balance of cash advances.

In rent guarantees, the volume of new contracts and operating revenue increased. This was driven by an increase in the number of new contracts handled accompanying the relaunch of existing products and the introduction of new products, and the contribution of additional business from alliance partners that entered agreements with the Company in the previous fiscal year.

In bill collection services, the volume of new contracts and revenue increased, driven by a rebound from the previous fiscal year, which had seen a large number of facilities, such as fitness clubs and schools, temporarily suspend operations, and growth in the number of invoices handled from new alliance partners.

As a result, on a consolidated basis, the credit card and payments business recorded a 3.1% increase in the volume of new contracts, to ¥2,690,304 million. Operating revenue declined 3.5%, to ¥42,842 million, reflecting a slump in credit card shopping and a decline in the balance of cash advances.

• Financing Business

In housing loan guarantees, the volume of new contracts and operating revenue increased, driven by a recovery trend in the number of housing units sold at alliance partners, and various marketing programs as well as the ongoing execution of efficient and meticulous sales activities.

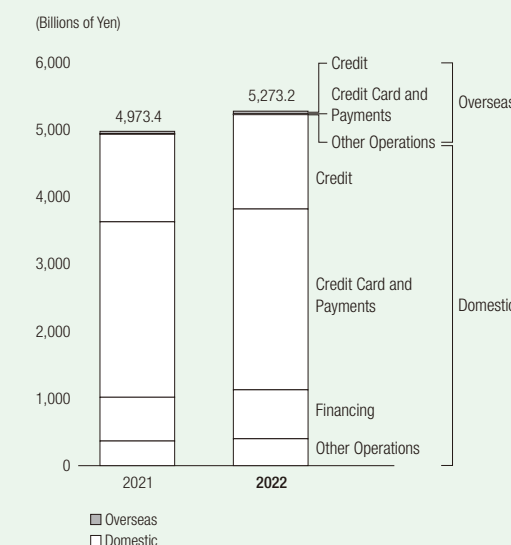
In personal loan guarantees for financial institutions, the volume of new contracts increased, driven by brisk activity for such purposes as auto loans at MUFG Bank, Ltd., and other institutions. Although the balance of guarantees grew, operating revenue from auto loans declined, reflecting a decrease in the balance of guarantees for products with high profitability, including credit card cash advances.

As a result, on a consolidated basis, the financing business recorded an 11.9% increase in the volume of new contracts, to ¥728,072 million. Operating revenue grew 9.7%, to ¥29,171 million.

• Other Operations

In leasing operations, although the volume of new contracts declined owing to such factors as a shortage of semiconductors, operating revenue increased, underpinned by a buildup in the balance of lease investment assets. In addition, the volume of new contracts for business funds performed robustly, and operating revenue increased.

Total Volume of New Contracts*



* From the fiscal year ended March 31, 2022, the Company changed its business segment classifications. Accompanying this change, the figures presented for the fiscal year ended March 31, 2021, have been retroactively revised to reflect the new classifications.

New and Previous Business Segments' Mapping Table (Consolidated)

New Business Segments (Business Categories and Main Businesses)	Previous Business Segments				
	Credit Card	Installment Sales Finance	Credit Guarantee	Financing	Other Operations
Credit Business	Shopping Credits	○	○		
	Auto Loans		○		
Credit Card and Payments Business	Card Shopping	○			
	Cash Advances			○	
	Rent Guarantees	○		○	
Financing Business	Bill Collection				○
	Housing Loan Guarantees			○	
	Personal Loan Guarantees for Financial Institutions			○	
Other	Business Loans, Leasing, etc.			○	○

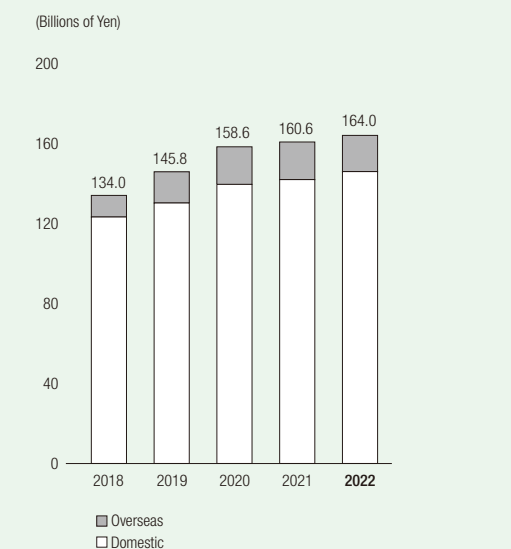
Results by Business

Domestic Business

• Credit Business

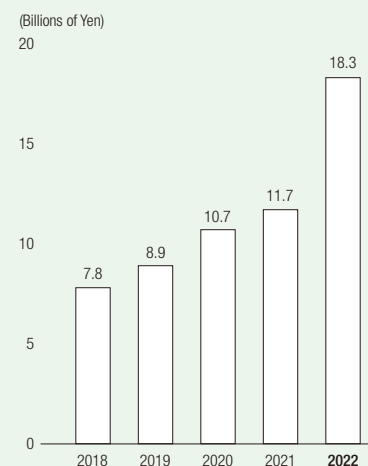
In shopping credits, the volume of new contracts and operating revenue increased compared with the previous fiscal year. Although some parts of the housing-related market were affected by such factors as materials supply shortages, the housing-related field overall grew steadily, underpinned by a robust volume of new contracts. In the premium wristwatch and jewelry categories, consumer sentiment improved, while such categories as healthcare services, pet-related products, and personal computer-related products also recorded increases in the volume of new contracts and operating revenue.

Total Operating Revenue

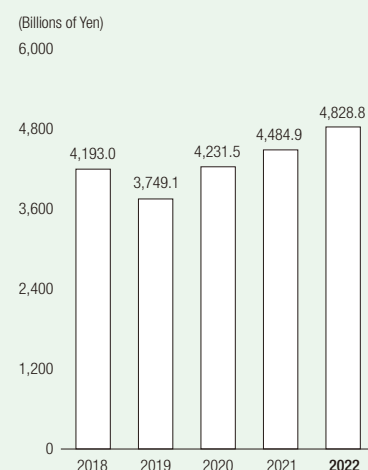


Financial Information

Net Income Attributable to Owners of the Parent



Total Assets*



* Previously, finance receivable-installment sales-credit guarantee and finance payable-credit guarantee were presented as corresponding asset and liability items in the consolidated balance sheets. However, from the fiscal year ended March 31, 2020, the Company made a change in accounting treatment of guarantee obligations that do not involve loan collection service, meaning these guarantee obligations are no longer presented on the consolidated balance sheets. The aforementioned change in accounting policy has been applied retroactively, and the figures for total assets presented for the fiscal year ended March 31, 2019, in the graph above are subsequent to retroactive application of this change.

As a result, on a consolidated basis, other operations posted a 9.2% increase in the volume of new contracts, to ¥399,293 million. Operating revenue* increased 9.0%, to ¥14,398 million.

* Operating revenue presented for other operations is the sum of other operating revenue and financial revenue.

As a result, the volume of new contracts in the domestic business segment as a whole increased 5.9% compared with the previous fiscal year, to ¥5,221,113 million, and operating revenue grew 2.9%, to ¥145,970 million. Segment income amounted to ¥26,180 million, an increase of 32.8% compared with the previous fiscal year.

Overseas Business

• Credit Business

In Vietnam, the operating environment was harsh, reflecting the impact of a lockdown imposed to deal with a resurgence of COVID-19 infections. However, owing to a change of policy adopted by the Vietnamese government—designed to “live with COVID”—the restrictions on movement were greatly relaxed.

Consequently, the volume of motorcycle loans moved into a recovery trend, and the volume of new contracts increased. The volume of new contracts for auto loans also grew substantially, driven by the execution of a variety of marketing programs. However, operating revenue decreased, reflecting a decline in the balance of operating receivables for motorcycle loans.

In Indonesia, the volume of new contracts for auto loans and motorcycle loans increased. This was underpinned by such external factors as a market recovery following a decline in the number of COVID-19 infections along with economic stimulus measures implemented by the government, as well as the success of a range of marketing programs. However, operating revenue decreased, reflecting a decline in the balance of operating receivables for auto loans.

In the Philippines, although the business felt the impact from a market slump owing to certain restrictions imposed on people’s movement, the volume of new contracts for auto loans and motorcycle loans—along with operating revenue—increased. This was driven by an increase in the number of new member stores and the execution of a variety of marketing programs.

In Cambodia, a gradual return to normal conditions began to gain momentum, underpinned by relaxation of restrictions on social and economic activity. However, the volume of new contracts decreased, reflecting such factors as a decline in unit sales of motorcycles and stricter credit screening criteria. However, operating revenue rose, driven by growth in the balance of operating receivables.

As a result, on a consolidated basis, the credit business recorded a 24.5% increase in the volume of new contracts, to ¥44,216 million. Operating revenue declined 5.7%, to ¥12,896 million.

• Credit Card and Payments Business

The credit card business operated in Vietnam recorded a lower volume of new contracts, reflecting a slump in personal consumption due to a resurgence in COVID-19 cases, and a decline in the number of new credit card members. However, operating revenue increased, driven by a buildup in the balance of cash advances.

As a result, on a consolidated basis, the credit card and payments business posted a 22.3% decrease in the volume of new contracts, to ¥655 million. Operating revenue grew 3.6%, to ¥185 million.

• Other Operations

In the personal loan business operated in Vietnam, the volume of new contracts decreased, reflecting a downturn in personal consumption due to a resurgence in COVID-19 infections. However, operating revenue increased, underpinned by growth in the balance of operating receivables.

In the leasing business operated in Indonesia, the volume of new contracts returned to growth, driven by demand expansion accompanying market recovery. However, operating revenue decreased, reflecting a decline in the balance of leases.

As a result, on a consolidated basis, other operations posted a 2.5% decrease in the volume of new contracts, to ¥7,279 million. Operating revenue* increased 2.4%, to ¥5,018 million.

* Operating revenue presented for other operations is the sum of other operating revenue and financial revenue.

As a result, in the overseas business segment as a whole, the volume of new contracts increased 19.0% compared with the previous fiscal year, to ¥52,151 million, and operating revenue declined 3.5%, to ¥18,099 million. Segment income amounted to ¥581 million, compared with segment loss of ¥3,071 million in the previous fiscal year.

Volume of New Contracts by Business

Reportable segment	Business type	2022		2021		YoY change (%)
		Amount	Ratio	Amount	Ratio	
Domestic	Credit Business	¥1,403,443	26.9%	¥1,302,584	26.4%	7.7%
	Credit Card and Payments Business	2,690,304	51.5%	2,610,412	53.0%	3.1%
	Financing Business	728,072	13.9%	650,906	13.2%	11.9%
	Other Operations	399,293	7.7%	365,704	7.4%	9.2%
	Total	¥5,221,113	100.0%	¥4,929,607	100.0%	5.9%
Overseas	Credit Business	¥44,216	84.8%	¥35,505	81.0%	24.5%
	Credit Card and Payments Business	655	1.2%	843	1.9%	(22.3%)
	Other Operations	7,279	14.0%	7,465	17.1%	(2.5%)
Total	¥5,273,264	—	¥4,973,421	—	6.0%	

Operating Revenue by Business

Reportable segment	Business type	2022		2021		YoY change (%)
		Amount	Ratio	Amount	Ratio	
Domestic	Credit Business	¥59,557	40.8%	57,686	40.7%	3.2%
	Credit Card and Payments Business	42,842	29.3%	44,407	31.3%	(3.5%)
	Financing Business	29,171	20.0%	26,592	18.7%	9.7%
	Other Operations	13,838	9.5%	12,688	8.9%	9.1%
	Business Revenue	¥145,409	99.6%	¥141,375	99.6%	2.9%
	Financial Revenue	¥560	0.4%	¥522	0.4%	7.4%
Total	¥145,970	100.0%	¥141,897	100.0%	2.9%	
Overseas	Credit Business	¥12,896	71.3%	¥13,671	72.9%	(5.7%)
	Credit Card and Payments Business	185	1.0%	178	1.0%	3.6%
	Other Operations	4,948	27.3%	4,803	25.6%	3.0%
	Business Revenue	¥18,029	99.6%	¥18,653	99.5%	(3.3%)
	Financial Revenue	¥70	0.4%	¥99	0.5%	(29.7%)
Total	¥18,099	100.0%	¥18,753	100.0%	(3.5%)	
Total of Business Revenue	¥163,439	99.6%	¥160,028	99.6%	2.1%	
Total of Financial Revenue	¥631	0.4%	¥622	0.4%	1.4%	
Total	¥164,070	100.0%	¥160,650	100.0%	2.1%	

Note: Figures have been adjusted for the elimination of inter-segment transactions.

Segment Income (Loss)

	Millions of Yen			
	2022		2021	
	Reportable segment		Reportable segment	
	Domestic	Overseas	Domestic	Overseas
Operating Income (Loss)	¥26,180	¥581	¥19,719	(¥3,071)

Operating Expenses and Net Income Attributable to Owners of the Parent

Total operating expenses decreased 4.8%, compared with the previous fiscal year, to ¥137,326 million.

In the domestic business, the Group was able to reduce such items as outsourcing expenses and property expenses by promoting the optimization of operations. This included digitization of customer contact at a range of service centers, progress in the automation of business operations, and the consolidation and relocation of offices based on a review of the Group's branch network. In the overseas business, financial expenses and expenses related to doubtful accounts decreased.

As a result, on a consolidated basis, ordinary income rose 62.3% compared with the previous fiscal year, to ¥26,786 million.

Net income attributable to owners of the parent increased 55.5% compared with the previous fiscal year, to ¥18,316 million.

Net income per share (basic) amounted to ¥528.97, compared with ¥340.69 in the previous fiscal year.

The Company implemented cash dividends totaling ¥160.00 per share applicable to the fiscal year under review, an increase of ¥55.00 per share compared with the previous fiscal year.

Analysis of Financial Position

Fund Procurement

To secure a stable supply of funds necessary for the maintenance and expansion of its business activities, the Group undertakes a wide range of fund procurement. This includes borrowings from financial institutions centering on its main bank, corporate bonds, issuance of commercial papers, and securitization of receivables. With regard to fund procurement, based on consideration of such factors as fund demand based on the Company's business plan, interest rate trends and other factors affecting the environment for procurement, sources of existing borrowings, and timing of redemption of bonds, the Company prepares a funding plan that includes the scale of fund procurement and methods of procurement. The Company executes the plan while exercising appropriate judgment.

The Company procures interest-bearing debt based on the collection period of shopping credit receivables, which are the Group's main operating assets. The balance of interest-bearing debt at the end of the fiscal year under review was ¥2,491,832 million.

The Company works to reduce its fund procurement costs while procuring approximately 70% of the funds at fixed interest rates as a means of reducing exposure to interest rate volatility risk.

Long-term bonds and commercial papers issued by the Group receive credit ratings from Japan Credit Rating Agency, Ltd. (JCR), and Rating and Investment Information, Inc. (R&I). (Please refer to the figure on the left.) The Company has arranged commitment lines with domestic financial institutions amounting to a total of ¥130 billion (as at March 31, 2022), which is able to complement the Group's liquidity. Overseas subsidiaries carry out fund procurement from such sources as local banks, local subsidiaries of Japanese banks, and loans from the Company, for both working capital and facility and equipment funds.

Credit Ratings

	R&I	JCR
Long Term	A	A-
Short Term	a-1	J-1

Financial Position

Total assets at March 31, 2022, amounted to ¥4,828,881 million, an increase of ¥343,927 million, or 7.7%, compared with the previous fiscal year-end.

Total current assets increased ¥344,753 million, to ¥4,740,366 million. This was attributable to increases in such items as finance receivable-installment, finance receivable-installment sales-credit guarantee, cash and deposits, and advances paid.

Total noncurrent assets decreased ¥827 million compared with the previous fiscal year-end, to ¥88,514 million. This reflected such factors as an increase in investment securities, a decrease in deferred tax assets, and a decrease in other property, plant and equipment.

Total current liabilities at March 31, 2022, amounted to ¥3,284,568 million, an increase of ¥204,226 million compared with the previous fiscal year-end. This reflected increases in current portion of loans payable under securitization of receivables, finance payable-credit guarantee, notes and accounts payable, and deferred income on finance receivables.

Total noncurrent liabilities at fiscal year-end increased ¥121,635 million, to ¥1,352,095 million. This reflected increases in such items as loans payable under securitization of receivables.

Total net assets increased ¥18,064 million, to ¥192,217 million. This reflected increases in such items as retained earnings, foreign currency translation adjustment, unrealized gains on available-for-sale securities, and non-controlling interests. The equity ratio increased 0.1 percentage point, to 3.9%. Net assets per share amounted to ¥5,386.05 at fiscal year-end, compared with ¥4,910.76 at the previous fiscal year-end.

Cash Flows

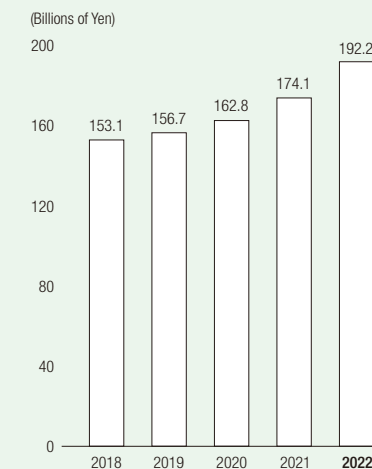
Cash and cash equivalents at end of year totaled ¥138,578 million, an increase of ¥26,424 million compared with the previous fiscal year-end.

Net cash used in operating activities amounted to ¥152,023 million, compared with ¥141,114 million used in the previous fiscal year. Significant items included increase in finance and accounts payable of ¥115,049 million and increase in finance receivable of ¥295,415 million.

Net cash used in investing activities amounted to ¥7,311 million, compared with ¥8,816 million used in the previous fiscal year. Significant items included purchase of property, plant and equipment and intangible assets of ¥8,163 million.

Net cash provided by financing activities amounted to ¥186,121 million, compared with ¥164,868 million provided in the previous fiscal year. Significant items included proceeds from loans payable under securitization of receivables of ¥328,802 million, proceeds from long-term loans payable of ¥165,891 million, proceeds from issuance of bonds of ¥60,000 million, repayment of long-term loans payable of ¥166,530 million, repayment of loans payable under securitization of receivables of ¥164,938 million, and redemption of bonds of ¥20,000 million.

Total Net Assets



Cash Flows



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

JACCS CO., LTD. and Consolidated Subsidiaries

As of March 31	Millions of Yen	
	2021	2022
ASSETS		
Current assets:		
Cash and deposits	¥ 112,241	¥ 138,790
Finance receivable-installment ^{(1),(2)}	2,562,204	2,776,898
Finance receivable-installment sales-credit guarantee	1,527,300	1,614,323
Lease investment assets ⁽¹⁾	139,990	144,332
Prepaid expenses	4,042	3,670
Advances paid	29,019	49,868
Other receivable	24,404	13,294
Other	25,524	28,212
Allowance for doubtful accounts	(29,116)	(29,024)
Total current assets	4,395,613	4,740,366
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	8,881	9,162
Accumulated depreciation	(5,815)	(6,004)
Buildings and structures, net	3,066	3,158
Land	14,986	14,986
Other	11,590	11,389
Accumulated depreciation	(5,568)	(6,283)
Other, net	6,021	5,106
Total property, plant and equipment	24,073	23,250
Intangible assets:		
Goodwill	785	563
Software	26,523	25,872
Other	14	14
Total intangible assets	27,323	26,450
Investments and other assets:		
Investment securities	18,218	19,771
Bad debts	1,254	833
Long-term prepaid expenses	3,646	4,013
Deferred tax assets	4,459	3,189
Guarantee deposits	1,496	1,475
Assets for retirement benefits	7,008	7,507
Other	2,655	2,690
Allowance for doubtful accounts	(795)	(668)
Total investments and other assets	37,944	38,813
Total noncurrent assets	89,341	88,514
Total assets	¥4,484,954	¥4,828,881

The accompanying notes are an integral part of these statements.

As of March 31	Millions of Yen	
	2021	2022
LIABILITIES		
Current liabilities:		
Notes and accounts payable	¥ 171,981	¥ 200,092
Finance payable-credit guarantee	1,527,300	1,614,323
Short-term loans payable ⁽¹⁾	322,802	312,515
Current portion of bonds payable ⁽¹⁾	20,000	47,370
Current portion of long-term loans payable ⁽¹⁾	164,904	177,952
Current portion of loans payable under securitization of receivables ⁽¹⁾	138,650	183,078
Commercial papers	424,500	423,500
Other payable	3,857	3,797
Accrued expenses ⁽¹⁾	1,895	2,167
Income taxes payable	5,085	4,512
Deposits received	71,091	73,880
Unearned revenue ⁽³⁾	469	1,280
Allowance for bonuses	2,897	2,818
Allowance for credit card point programs	2,794	2,655
Allowance for loss on guarantees ⁽⁴⁾	833	795
Deferred income on finance receivables ⁽⁵⁾	194,175	204,448
Other	27,103	29,378
Total current liabilities	3,080,342	3,284,568
Noncurrent liabilities:		
Bonds payable ⁽¹⁾	216,892	230,314
Long-term loans payable ⁽¹⁾	718,327	708,064
Loans payable under securitization of receivables ⁽¹⁾	289,601	409,036
Allowance for directors' retirement benefits	4	4
Allowance for loss on interest repayment	613	642
Liabilities for retirement benefits	20	21
Long-term guarantee deposited	2,286	1,961
Other	2,714	2,049
Total noncurrent liabilities	1,230,459	1,352,095
Total liabilities	4,310,802	4,636,664
NET ASSETS		
Shareholders' equity:		
Capital stock	16,138	16,138
Capital surplus	30,515	30,513
Retained earnings	118,531	131,649
Treasury stock	(1,096)	(982)
Total shareholders' equity	164,088	177,319
Accumulated other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	7,347	8,880
Deferred gains (losses) on hedges	(984)	(420)
Foreign currency translation adjustment	(1,794)	(238)
Remeasurements of defined benefit plans	1,242	1,074
Total accumulated other comprehensive income	5,811	9,296
Subscription rights to shares	244	226
Non-controlling interests	4,007	5,375
Total net assets	174,152	192,217
Total liabilities and net assets	¥4,484,954	¥4,828,881

CONSOLIDATED STATEMENTS OF INCOME

JACCS CO., LTD. and Consolidated Subsidiaries

Years ended March 31	Millions of Yen	
	2021	2022
Operating revenue:		
Business revenue ⁽²⁾	¥160,028	¥163,439
Financial revenue:		
Interest income	121	79
Dividends income	501	551
Total financial revenue	622	631
Total operating revenue⁽³⁾	160,650	164,070
Operating expenses:		
Selling, general and administrative expenses ⁽⁴⁾	127,475	122,946
Financial expenses:		
Interest on loans	11,627	10,988
Interest on commercial papers	429	266
Other financial expenses	4,791	3,124
Total financial expenses	16,848	14,380
Total operating expenses	144,324	137,326
Operating income	16,326	26,743
Non-operating income:		
Miscellaneous income	191	55
Total non-operating income	191	55
Non-operating expenses:		
Miscellaneous loss	11	13
Total non-operating expenses	11	13
Ordinary income	16,506	26,786
Extraordinary income:		
Gain on sales of noncurrent assets	—	1
Gain on sales of investment securities	243	179
Total extraordinary income	243	181
Extraordinary losses:		
Loss on retirement of noncurrent assets ⁽⁵⁾	89	27
Loss on sales of investment securities	30	47
Loss on valuation of investment securities	6	37
Impairment loss ⁽⁶⁾	348	—
Total extraordinary losses	474	112
Income before income taxes	16,275	26,855
Income taxes-current	7,539	7,739
Income taxes-deferred	(1,952)	682
Total income taxes	5,587	8,422
Net income	10,688	18,432
Net income (loss) attributable to non-controlling interests	(1,090)	116
Net income attributable to owners of the parent	¥ 11,778	¥ 18,316

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

JACCS CO., LTD. and Consolidated Subsidiaries

Years ended March 31	Millions of Yen	
	2021	2022
Net income	¥10,688	¥18,432
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	3,449	1,532
Deferred gains (losses) on hedges	(761)	939
Foreign currency translation adjustment	(1,291)	2,053
Remeasurements of defined benefit plans, net of tax	2,423	(181)
Total other comprehensive income ⁽¹⁾	3,820	4,344
Comprehensive income	¥14,508	¥22,777
Comprehensive income attributable to:		
Owners of the parent	¥16,269	¥21,800
Non-controlling interests	(1,761)	976

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

JACCS CO., LTD. and Consolidated Subsidiaries

Year ended March 31, 2021	Millions of Yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at beginning of year	¥16,138	¥30,533	¥109,843	¥(1,307)	¥155,207
Cumulative effects of changes in accounting policies			195		195
Restated balance	16,138	30,533	110,038	(1,307)	155,403
Changes during year					
Dividends from surplus			(3,285)		(3,285)
Net income attributable to owners of the parent			11,778		11,778
Purchase of treasury stock				(3)	(3)
Disposal of treasury stock		(17)		214	196
Net changes of items other than shareholders' equity					
Total changes during year	—	(17)	8,493	210	8,685
Balance as of March 31, 2021	¥16,138	¥30,515	¥118,531	¥(1,096)	¥164,088

Year ended March 31, 2021	Millions of Yen							
	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance at beginning of year	¥3,898	¥(285)	¥ (853)	¥(1,162)	¥1,596	¥263	¥5,822	¥162,889
Cumulative effects of changes in accounting policies		(241)	(34)		(275)		(53)	(134)
Restated balance	3,898	(527)	(887)	(1,162)	1,320	263	5,768	162,755
Changes during year								
Dividends from surplus								(3,285)
Net income attributable to owners of the parent								11,778
Purchase of treasury stock								(3)
Disposal of treasury stock								196
Net changes of items other than shareholders' equity	3,449	(457)	(906)	2,404	4,491	(18)	(1,761)	2,711
Total changes during year	3,449	(457)	(906)	2,404	4,491	(18)	(1,761)	11,396
Balance as of March 31, 2021	¥7,347	¥(984)	¥(1,794)	¥ 1,242	¥5,811	¥244	¥4,007	¥174,152

Year ended March 31, 2022	Millions of Yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at beginning of year	¥16,138	¥30,515	¥118,531	¥(1,096)	¥164,088
Cumulative effects of changes in accounting policies			(524)		(524)
Restated balance	16,138	30,515	118,007	(1,096)	163,564
Changes during year					
Dividends from surplus			(4,673)		(4,673)
Net income attributable to owners of the parent			18,316		18,316
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		(1)		115	114
Net changes of items other than shareholders' equity					
Total changes during year	—	(1)	13,642	114	13,755
Balance as of March 31, 2022	¥16,138	¥30,513	¥131,649	¥ (982)	¥177,319

Year ended March 31, 2022	Millions of Yen							
	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance at beginning of year	¥7,347	¥(984)	¥(1,794)	¥1,242	¥5,811	¥244	¥4,007	¥174,152
Cumulative effects of changes in accounting policies								(524)
Restated balance	7,347	(984)	(1,794)	1,242	5,811	244	4,007	173,628
Changes during year								
Dividends from surplus								(4,673)
Net income attributable to owners of the parent								18,316
Purchase of treasury stock								(1)
Disposal of treasury stock								114
Net changes of items other than shareholders' equity	1,532	563	1,555	(167)	3,484	(18)	1,367	4,833
Total changes during year	1,532	563	1,555	(167)	3,484	(18)	1,367	18,588
Balance as of March 31, 2022	¥8,880	¥(420)	¥ (238)	¥1,074	¥9,296	¥226	¥5,375	¥192,217

CONSOLIDATED STATEMENTS OF CASH FLOWS

JACCS CO., LTD. and Consolidated Subsidiaries

Years ended March 31	Millions of Yen	
	2021	2022
Cash flows from operating activities:		
Income before income taxes	¥ 16,275	¥ 26,855
Depreciation and amortization	9,501	10,410
Amortization of goodwill	450	225
Increase (decrease) in allowance for doubtful accounts	4,243	(654)
Increase (decrease) in allowance for loss on guarantees	127	(38)
Increase (decrease) in allowance for bonuses	223	(83)
Increase (decrease) in allowance for credit card point programs	(465)	(139)
Decrease (increase) in asset for retirement benefits	477	(709)
Increase (decrease) in liabilities for retirement benefits	(34)	0
Increase (decrease) in allowance for loss on interest repayment	(19)	29
Interest and dividends income	(622)	(631)
Interest expenses	12,892	12,152
Foreign exchange losses (gains)	2,913	1,073
Loss (gain) on sales of property, plant and equipment and intangible assets	—	(1)
Loss on retirement of property, plant and equipment and intangible assets	89	27
Loss (gain) on sales of investment securities	(213)	(132)
Loss (gain) on valuation of investment securities	6	37
Impairment loss	348	—
Decrease (increase) in finance receivable	(239,911)	(295,415)
Decrease (increase) in other receivable	378	11,158
Increase (decrease) in finance and accounts payable	59,235	115,049
Increase (decrease) in deferred income on finance receivables	12,436	8,967
Decrease (increase) in other assets	(6,813)	(25,755)
Increase (decrease) in other liabilities	5,681	4,263
Subtotal	(122,798)	(133,311)
Interest and dividends income received	611	627
Interest expenses paid	(12,365)	(11,027)
Income taxes paid	(6,561)	(8,312)
Net cash provided by (used in) operating activities	(141,114)	(152,023)
Cash flows from investing activities:		
Payments into time deposits	(53)	(109)
Purchase of property, plant and equipment and intangible assets	(9,597)	(8,163)
Proceeds from sales of property, plant and equipment and intangible assets	3	1
Purchase of investment securities	—	(38)
Proceeds from sales of investment securities	548	812
Payments for guarantee deposits	(192)	(54)
Proceeds from collection of guarantee deposits	470	224
Payments of loans receivable	(15)	(68)
Collection of loans receivable	20	84
Net cash provided by (used in) investing activities	(8,816)	(7,311)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	2,828	(11,821)
Net increase (decrease) in commercial papers	2,500	(1,000)
Proceeds from long-term loans payable	140,394	165,891
Repayment of long-term loans payable	(112,431)	(166,530)
Proceeds from issuance of bonds	35,000	60,000
Redemption of bonds	(30,000)	(20,000)
Proceeds from loans payable under securitization of receivables	256,771	328,802
Repayment of loans payable under securitization of receivables	(127,082)	(164,938)
Proceeds from share issuance to non-controlling shareholders	—	393
Proceeds from sales of treasury stock	177	0
Purchase of treasury stock	(3)	(1)
Cash dividends paid	(3,285)	(4,673)
Net cash provided by (used in) financing activities	164,868	186,121
Effect of exchange rate change on cash and cash equivalents	(212)	(361)
Net increase (decrease) in cash and cash equivalents	14,725	26,424
Cash and cash equivalents at beginning of year	97,428	112,153
Cash and cash equivalents at end of year⁽¹⁾	¥ 112,153	¥ 138,578

The accompanying notes are an integral part of these statements.

NOTES

JACCS CO., LTD. and Consolidated Subsidiaries

Notes - Significant Accounting Policies for Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 8

- JACCS Loan-Collection Service Co., Ltd.
 - JACCS Total Service Co., Ltd.
 - JACCS Lease Co., Ltd.
 - JACCS Payment Solutions Co., Ltd.
 - JACCS International Vietnam Finance Co., Ltd.
 - PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA
 - JACCS FINANCE (CAMBODIA) PLC.
 - JACCS FINANCE PHILIPPINES CORPORATION
- JACCS FINANCE (CAMBODIA) PLC. changed its company name to JACCS MICROFINANCE (CAMBODIA) PLC. on June 17, 2022.

(2) Name of non-consolidated subsidiary

Not applicable as of March 31, 2022

2. Application of the equity method

(1) Number of equity-method affiliates

Not applicable as of March 31, 2022

(2) Name of non-consolidated subsidiary not accounted for by the equity method

Not applicable as of March 31, 2022

3. Fiscal years of consolidated subsidiaries

The fiscal year-end date of JACCS International Vietnam Finance Co., Ltd., PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA, JACCS FINANCE (CAMBODIA) PLC. and JACCS FINANCE PHILIPPINES CORPORATION is December 31. The financial statements of these companies as of and for the year ended December 31 are used in preparing the consolidated financial statements of the Company. All material intercompany transactions that occur during the period from January 1 to March 31 are adjusted in the consolidation process.

4. Accounting policies

(1) Basis and method for valuation of significant assets

(i) Securities

Available-for-sale securities

a. Other than stocks with no market price, etc.

Stated at fair value. The related valuation differences are directly included in net assets and the cost of available-for-sale securities sold is determined by the moving-average method.

b. Stocks with no market price, etc.

Stated mainly at the moving-average cost.

(ii) Derivatives

Stated at fair value.

(2) Methods of depreciation and amortization of significant depreciable assets

(i) Property, plant and equipment (except for leased assets)

Stated at cost. Depreciation of property and equipment is computed primarily using the declining-balance method based on the estimated useful lives of assets. However, the straight-line method is used for buildings (excluding building fixtures) acquired on or after April 1, 1998 and for building fixtures and structures acquired on or after April 1, 2016.

(ii) Intangible assets (except for leased assets)

Software mainly for internal use is amortized over the estimated useful lives using the straight-line method (the maximum period being five years).

(iii) Leased assets

Leased assets related to finance leases without transferring ownership

Mainly depreciated over the lease period, which is deemed as the useful life, using the straight-line method with no residual value.

(iv) Long-term prepaid expenses

Straight-line method based on provisions of the Corporation Tax Law

(3) Accounting methods for significant allowances

(i) Allowance for doubtful accounts

Allowance for doubtful accounts is provided mainly for possible losses on the collection of receivables. For certain receivables such as those from debtors whose solvency is in doubt, the recoverability of those receivables is evaluated, and the estimated unrecoverable amounts are recognized as the allowance. For other receivables, the amount deemed necessary primarily based on the past write-off ratio is recognized as the allowance. A certain overseas subsidiary applies accounting standards for financial instruments based on the International Financial Reporting Standards, adopts an impairment model based on the expected credit losses, and computes allowance for doubtful accounts corresponding to credit risk as of the end of the fiscal year.

(ii) Allowance for bonuses

Mainly for payment of bonuses to employees and executive officers having employee positions, allowance for bonuses is provided for in the amount that is expected to be paid.

(iii) Allowance for credit card point programs

For covering the cost of future card-point redemption when credit card members use their card-points given by the Company, the allowance for credit card point programs is provided for in the amount that, as of the balance sheet date, is expected to be used in the future.

(iv) Allowance for loss on guarantees

Allowance for loss on guarantees is provided for possible losses on credit guarantees, etc. The amount of allowance is estimated for expected future losses due to default by principal obligors based on the past write-off ratio and other factors.

(v) Allowance for directors' retirement benefits

For payment of retirement benefits to directors and corporate auditors, allowance for directors' retirement benefits is provided for in the amount required to be accrued at year-end in accordance with internal rules. Provided amounts on the consolidated balance sheets are solely for consolidated subsidiaries.

(vi) Allowance for loss on interest repayment

Allowance for loss on interest repayment is provided to prepare for future repayment claims for interest rates charged in excess of the limitation stipulated by the Interest Rate Restriction Act, and the allowance is estimated based on the historical amount of the repayments and other factors.

(4) Accounting method for employee retirement benefits

(i) Method of period attribution for estimated retirement benefits

To calculate the employee retirement benefit obligations, a benefit formula basis is applied in attributing the estimated retirement benefits up to the end of the fiscal year.

(ii) Methods for amortizing actuarial differences and past service costs

Past service costs are amortized using the straight-line method over a certain number of years (five years) within the average remaining service period of the employees as of the time such costs are incurred.

Actuarial differences are amortized from the following fiscal year, using the straight-line method over a certain number of years (five years) within the average remaining service period of employees at the time of incurrence of such differences.

(5) Accounting methods for significant revenues and expenses

(i) Revenues subject to accounting standards for financial instruments, etc. are as follows.

a. Revenue from individual customers and guarantee fees

Revenue from individual customers and guarantee fees are mainly recognized at the time of the payment due date by the following method:

a) Credit

Remaining debt balance method

b) Card payment

Remaining debt balance method (In some cases, guarantee fees for settlement of rent are recognized as revenue over a certain period of time on an equal pro-rata basis)

c) Finance

Remaining debt balance method (In some cases, revenue is recognized at the time of concluding the guarantee contract)

Note: Under the remaining debt balance method, revenue is calculated based on the annual interest rate applicable to the contract and the remaining principal balance.

(ii) The main performance obligations relating to revenue from contracts with customers of the Company and its consolidated subsidiaries (collectively referred to as "the JACCS Group") and when such performance obligations are normally satisfied (when revenue is normally recognized) are as follows:

a. Commission from member stores

a) Credit

Revenue is recognized at the time of fulfillment of the advance payment contract with member stores.

b) Card payment

Same as above

b. Credit card annual fee

a) Other

Since the performance obligation is satisfied over the effective period of the annual fee based on the card membership rules, revenue is mainly recognized over such effective period.

(6) Translation of significant assets and liabilities denominated in foreign currencies into yen

Monetary assets and liabilities denominated in foreign currencies have been translated into yen at the spot exchange rates at the fiscal year-end. The resulting exchange gain or loss is charged or credited to income. Assets and liabilities of the overseas subsidiaries have been translated into yen at the spot exchange rates as of the fiscal year-end of the subsidiaries, and revenues and expenses of the overseas subsidiaries have been translated into yen at the average rates prevailing during the period. The resulting translation differences are included in "foreign currency translation adjustment" in net assets.

(7) Significant hedge accounting methods

(i) Hedge accounting

In principle, the deferred hedge accounting method is applied. Interest rate swaps, which qualify for exceptional treatment, are accounted for according to the exceptional treatment.

(ii) Hedging instruments and hedged items

a. Hedging instruments

Derivative transactions (interest rate swap, cross-currency interest rate swap and currency option)

b. Hedged items

Loans payable

(iii) Hedging policy

Derivative transactions are utilized to reduce risks arising from interest rate and foreign exchange fluctuations in the future.

(iv) Assessment of the effectiveness of hedging activities

The aggregate of changes in cash flows from the hedging instruments and the hedged items is compared quarterly, and evaluation of the effectiveness of hedging activities is made based on such comparison. With regard to interest rate swaps accounted for according to the exceptional treatment, assessment of the effectiveness is omitted.

(8) Method and period for amortization of goodwill

Amortization of goodwill is carried out over five years using the straight-line method.

(9) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, readily available deposits, and highly liquid short-term investments with a maturity of three months or less when purchased that are subject to an insignificant risk of changes in value.

(10) Other significant matters for preparing the consolidated financial statements

Accounting for consumption taxes

Consumption taxes paid upon the acquisition of noncurrent assets, which are not deducted in the consumption taxes calculation, are recorded as "Other" in investments and other assets and amortized equally over five years.

(11) Accounting policies and procedures adopted in the absence of requirements in relevant accounting standards, etc. that specifically apply

(i) Finance receivable-installment sales-credit guarantee and finance payable-credit guarantee

Of the services providing a guarantee on the debt of customers, guarantee obligations that involve loan collection services by the Company are recognized on the consolidated balance sheets as finance receivable-installment sales-credit guarantee within current assets and as finance payable-credit guarantee within current liabilities, both in the same amount.

On the other hand, guarantee obligations that do not involve loan collection services by the Company are only disclosed in Notes - Consolidated Balance Sheets, *4 Contingent liabilities.

(ii) Recognition of operating revenue under installment plan

Operating revenue under an installment plan is primarily recognized as the installment payments become due, as described in 4. Accounting policies, (5) Accounting methods for significant revenues and expenses. Operating revenue attributable to installment payments that have not yet become due is recognized as deferred income on finance receivables within current liabilities on the consolidated balance sheets.

(iii) Presentation method of financial revenue and financial expenses

Because the nature of financial revenue and financial expenses is considered to be revenue and expenses relating to the primary business, financial revenue is included in operating revenue and presented separately from major operating revenues, and financial expenses are included in operating expenses and presented separately from selling, general and administrative expenses in the consolidated statements of income.

Notes - Significant Accounting Estimates

• Allowance for doubtful accounts

(1) Carrying amount in the consolidated financial statements for the current fiscal year

	Millions of Yen	
	Prior fiscal year	Current fiscal year
Allowance for doubtful accounts		
Domestic segment	¥25,205	¥24,297
Overseas segment	4,705	5,395
Total	¥29,911	¥29,692

(2) Information on the nature of significant accounting estimates for identified items

(i) Calculation method

For certain receivables, such as those from debtors whose solvency is in doubt, allowance for doubtful accounts is recognized at the amount deemed necessary based on the future unrecoverable amount, which is estimated with consideration for the overdue period (period elapsed from the due date), the customer's ability to pay and other factors. For other receivables, allowance for doubtful accounts is recognized at the amount deemed necessary primarily based on the historical write-off ratio. The historical write-off ratio is calculated by considering the past write-off history for each of the receivable categories determined based on the overdue period.

A certain overseas subsidiary applies accounting standards for financial instruments based on the International Financial Reporting Standards, adopts an impairment model based on the expected credit losses, and computes allowance for doubtful accounts corresponding to credit risk as of the end of the fiscal year.

(ii) Primary assumptions

Allowance for doubtful accounts is provided based on the assumption that the trend of write-off for each receivable category for a certain period of time in the past will continue in the future and considering the collection risk of some overdue receivables. With regard to the novel coronavirus disease (COVID-19), the Company believes that it has not had a significant impact on the delinquency status of loans held by the Company and its consolidated subsidiaries at present, as economic measures and financial support programs have been implemented by the national government and local public bodies in the domestic segment. Regarding the overseas segment, the Company considers it possible that the past due status of receivables, etc. may be impacted within a certain period of time during or after the fiscal year ending December 31, 2022, despite government programs such as economic measures and payment relaxation.

(iii) Impact on the consolidated financial statements for the next fiscal year

In cases where customers' ability to pay deteriorates due to a significant change in the economic environment, the occurrence of unpredictable events or other external factors, or where the impact of the spread of COVID-19 becomes more severe than expected, additional allowance for doubtful accounts or bad debt expenses may be recognized.

Notes - Changes in Accounting Policies

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Accounting Standard for Revenue Recognition"), etc. from the beginning of the current fiscal year and has decided to recognize revenue in the amount expected to be received in exchange for the promised goods or services when control of those goods or services is transferred to customers.

As a result, while annual fees for credit cards issued by the Company were previously recognized as revenue at the time the fees were charged to customers, since this is a performance obligation that is satisfied over the effective period of the annual fees, a change has been made to recognize such fees as revenue over a certain period of time.

The Company has followed the transitional treatment allowed in the supplementary provision of paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application of the new accounting policy prior to the beginning of the current fiscal year has been added to or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from the beginning balance of the current fiscal year. However, by applying the method set forth in paragraph 86 of the Accounting Standard for Revenue Recognition, the new accounting policy has not been applied retroactively to contracts for which nearly the entire amount of revenue was recognized in accordance with the previous treatment prior to the beginning of the current fiscal year. In addition, the Company has applied the method set forth in item (1) of the supplementary provisions of paragraph 86 of the Accounting Standard for Revenue Recognition, and has accounted for contract changes made prior to the beginning of the current fiscal year in accordance with the contract terms after reflecting all contract changes, and the cumulative effect has been added to or deducted from retained earnings at the beginning of the current fiscal year.

As a result, at the beginning of the current fiscal year, retained earnings decreased by ¥524 million. In addition, the impact on operating revenue, operating income, ordinary income, and income before income taxes for the current fiscal year was insignificant.

In accordance with the transitional treatment set forth in paragraph 89-3 of the Accounting Standard for Revenue Recognition, the relevant notes related to the prior fiscal year are not presented in the "Notes - Revenue Recognition."

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Accounting Standard for Fair Value Measurement"), etc. from the beginning of the current fiscal year, and has decided to apply the new accounting policy stipulated in the Accounting Standard for Fair Value Measurement, etc. prospectively, in accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

This has no impact on the consolidated financial statements.

In addition, in the "Notes - Financial Instruments," the Company has decided to include notes such as matters on the fair value hierarchy of financial instruments. However, in accordance with the transitional treatment set forth in paragraph 7-4 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, July 4, 2019), the relevant notes related to the prior fiscal year are not presented.

Notes - Change in Presentation Method

(Consolidated Statements of Income)

With regard to operating revenue in the consolidated statements of income, effective from the current fiscal year, the JACCS Group has changed to present revenue from business activities as "business revenue" aggregating multiple revenue accounts that had presented in the past consolidated statements of income and disclose the breakdown of business revenue in the "Notes - Consolidated Statements of Income" in accordance with the internal management category of revenue of the JACCS Group (hereinafter referred to as the "Management Category"), and has made corresponding changes to the disclosures in other related notes.

These changes are based on the judgment that, with consideration for the adoption of the Accounting Standard for Revenue Recognition, disclosure of operating revenue in line with the Management Category will facilitate the understanding of users of the financial statements, compared to the previous disclosure of operating revenue categorized based on the form of contract which was different from the Management Category. In addition, as the JACCS Group promotes new business development not only in Japan but also overseas, mainly in Southeast Asia, it has decided to disclose information for each Management Category in the "Notes - Consolidated Statements of Income" to facilitate timely disclosure.

In the past, operating revenue was presented based on the form of contract and revenue for the same Management Category was recorded across multiple revenue accounts. However, as a result of this change, revenue for each Management Category is aggregated and presented, and the JACCS Group believes that this will contribute to providing more useful information to users of the financial statements.

The consolidated financial statements for the prior fiscal year have been reclassified to reflect this change in presentation method. As a result, in the consolidated statements of income for the prior fiscal year, the total amount of ¥32,440 million presented as "revenue from credit card business" in "operating revenue," ¥58,249 million presented as "revenue from installment sales finance business," ¥41,217 million presented as "revenue from credit guarantee," ¥10,330 million presented as "financing revenue," and ¥17,789 million presented as "other operating revenue" has been reclassified as "business revenue," and in the "Notes - Consolidated Statements of Income," the breakdown is presented as "credit," ¥71,357 million, "card payment," ¥44,586 million, "finance," ¥26,592 million, and "other," ¥17,491 million, and the figures for the prior fiscal year in other related notes have also been reclassified.

Notes - Consolidated Balance Sheets

*1. Assets pledged as collateral and debt secured by the collateral

	Millions of Yen	
	2021	2022
(1) Assets pledged as collateral		
Finance receivable-installment	¥475,977	¥627,809
Lease investment assets	15,582	5,369
Total	¥491,559	¥633,178
(2) Debt secured by the above collateral		
Short-term loans payable	¥ 5,166	¥ 745
Current portion of bonds payable	—	7,370
Current portion of long-term loans payable	25,898	21,361
Current portion of loans payable under securitization of receivables	138,650	183,078
Accrued expenses	272	207
Bonds payable	4,818	384
Long-term loans payable	26,497	15,370
Loans payable under securitization of receivables	289,601	409,036
Total	¥490,905	¥637,556

Note: With regard to the balance of securitized auto loan and other installment sales finance receivables, owing to the treatment of this item as a financing transaction, ¥428,252 million and ¥592,115 million are included within the balance of finance receivable-installment in current assets, ¥138,650 million and ¥183,078 million are included within the balance of current portion of loans payable under securitization of receivables in current liabilities, and ¥289,601 million and ¥409,036 million are included within the balance of loans payable under securitization of receivables in noncurrent liabilities as of March 31, 2021 and March 31, 2022, respectively.

*2. Finance receivable-installment

	Millions of Yen	
	2021	2022
Credit	¥2,136,190	¥2,369,691
Card payment	226,478	216,465
Finance	113,029	118,891
Other	86,505	71,850
Total	¥2,562,204	¥2,776,898

*3. The amounts of contract liabilities included in unearned revenue are as follows:

	Millions of Yen	
	2022	
Contract liabilities		¥748

*4. Contingent liabilities

(1) Guarantee obligations

	Millions of Yen	
	2021	2022
Loans to individuals held by financial institutions	¥1,577,753	¥1,828,565
Allowance for loss on guarantees	833	795
Net amount at the end of fiscal years	¥1,576,919	¥1,827,770

(2) Commitment to guarantee

The Company has executed contracts for commitment to guarantee, in relation to loans (housing loans to individuals, card loans, etc.) that are held by financial institutions and guaranteed by guarantee companies. Under these contracts, the Company fulfills guarantee obligations on behalf of guarantee companies if certain events or conditions have occurred for the guarantee companies, as stipulated in the contracts. The balance of loans subject to the contracts for commitment to guarantee is disclosed as a footnote of contingent liability in the table below.

	Millions of Yen	
	2021	2022
Guarantee companies	¥237,386	¥248,233

*5. Deferred income on finance receivables

	Millions of Yen							
	2021				2022			
	Balance at beginning of year	Amount deferred	Amount realized	Balance at end of year	Balance at beginning of year	Amount deferred	Amount realized	Balance at end of year
Credit	¥181,891	¥ 82,807	¥ 71,357	¥193,341	¥193,341	¥ 82,705	¥ 72,453	¥203,593
Card payment	868	44,551	44,586	833	833	43,048	43,027	854
Finance	—	26,592	26,592	—	—	29,171	29,171	—
Other	0	17,491	17,491	0	0	18,787	18,787	0
Total	¥182,760	¥171,443	¥160,028	¥194,175	¥194,175	¥173,712	¥163,439	¥204,448

*6. The Company carries out cash advance operations, which are ancillary to loan card and credit card operations. The balance of unexecuted lending related to loan commitments within cash advance operations is as shown below. Under loan commitment contracts, since lending terms include screening relating to the borrower's use of loan funds and credit standing, the loans are not necessarily executed up to the full amount.

	Millions of Yen	
	2021	2022
Total loan commitments	¥1,147,971	¥1,114,784
Executed loans	40,911	36,825
Balance	¥1,107,060	¥1,077,959

Notes - Consolidated Statements of Income

*1. Volume of new contracts

	Millions of Yen	
	2021	2022
Credit	¥1,338,089	¥1,447,660
Card payment	2,611,255	2,690,959
Finance	650,906	728,072
Other	373,169	406,572
Total	¥4,973,421	¥5,273,264

Note: For products whose total amount of interest, processing fees and guarantee fees are determined at the time of entering into the contract, the transaction price that includes those interest, processing fees and guarantee fees is shown.

*2. Business revenue

	Millions of Yen	
	2021	2022
Credit	¥ 71,357	¥ 72,453
Card payment	44,586	43,027
Finance	26,592	29,171
Other	17,491	18,787
Total	¥160,028	¥163,439

*3. Revenue from contracts with customers

Operating revenue is not presented separately for revenue from contracts with customers and other revenues. The amount of revenue from contracts with customers is presented in the consolidated financial statements "Notes - Revenue Recognition 1. Information on the breakdown of revenue from contracts with customers."

*4. The major items and amounts under selling, general and administrative expenses are as follows:

	Millions of Yen	
	2021	2022
Advertising expenses	¥ 3,671	¥ 3,459
Provision of allowance for doubtful accounts	25,420	23,201
Provision of allowance for loss on guarantees	763	507
Employees' salaries	20,379	20,921
Provision of allowance for bonuses	2,857	2,776
Provision of allowance for credit card point programs	4,823	4,353
Provision of allowance for loss on interest repayment	224	237
Welfare expenses	3,781	3,708
Retirement benefit expenses	2,124	863
Communication expenses	3,340	3,137
Calculation expenses	20,610	20,682
Commission expenses	6,045	6,214
Supplies expenses	2,444	2,297
Rent expenses	3,442	3,114
Depreciation and amortization	1,222	1,480
Other	26,324	25,988
Total	¥127,475	¥122,946

*5. The breakdown of loss on retirement of noncurrent assets is as follows:

	Millions of Yen	
	2021	2022
Buildings and structures	¥21	¥13
Tools, furniture and fixtures	28	7
Software	39	6
Telephone subscription right	0	—
Total	¥89	¥27

*6. Impairment loss

The JACCS Group recognized impairment losses relating to the following asset groups.

Year ended March 31, 2021

Location	Asset group	Purpose	Type	Impairment loss
Shinagawa, Tokyo	JACCS Co., Ltd.	Business asset	Buildings and structures	¥66 Millions
Jakarta, Indonesia	PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA	Other	Goodwill	¥281 Millions

The JACCS Group performs grouping of assets principally based on each of the consolidated entities as such entities represent the smallest unit independently generating cash flows and based on individual assets if the assets are to be disposed of or are idle assets.

JACCS Co., Ltd., reduced the book values of assets expected to be disposed of due to office relocation to their recoverable values, and recognized the resulting impairment losses as extraordinary losses.

Unamortized balance of goodwill was recognized as an impairment loss in extraordinary losses because revenue initially projected at acquisition was no longer expected for PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA.

The recoverable value was calculated based on the zero usage value.

Notes - Consolidated Statements of Comprehensive Income

*1. Reclassification adjustments and tax effects related to other comprehensive income

	Millions of Yen	
	2021	2022
Unrealized gains (losses) on available-for-sale securities		
Gains (losses) arising during the year	¥5,054	¥2,354
Reclassification adjustments to profit or loss	(209)	(122)
Amount before income tax effect	4,844	2,231
Income tax effect	(1,395)	(699)
Total unrealized gains (losses) on available-for-sale securities	3,449	1,532
Deferred gains (losses) on hedges		
Gains (losses) arising during the year	(931)	1,204
Reclassification adjustments to profit or loss	—	—
Amount before income tax effect	(931)	1,204
Income tax effect	169	(265)
Total deferred gains (losses) on hedges	(761)	939
Foreign currency translation adjustment		
Adjustment arising during the year	(1,291)	2,053
Remeasurements of defined benefit plans, net of tax		
Gains (losses) arising during the year	2,698	43
Reclassification adjustments to profit or loss	790	(299)
Amount before income tax effect	3,488	(256)
Income tax effect	(1,064)	74
Total remeasurements of defined benefit plans, net of tax	2,423	(181)
Total other comprehensive income	¥3,820	¥4,344

Notes - Consolidated Statements of Changes in Net Assets

Year ended March 31, 2021

1. Shares outstanding

Class of shares	April 1, 2020	Increase	Decrease	March 31, 2021
Shares of common stock (shares)	35,079,161	—	—	35,079,161

2. Treasury stock

Class of shares	April 1, 2020	Increase	Decrease	March 31, 2021
Shares of common stock (shares)	570,686	2,054	91,200	481,540

Notes: 1. The increase in treasury stock (shares of common stock) by 2,054 shares was due to an acquisition of 1,200 shares in the market by the ESOP Trust Account and an acquisition of 854 shares based on requests for purchase of shares less than one unit.

2. The decrease in treasury stock (shares of common stock) by 91,200 shares comprised a decrease of 63,400 shares due to transfer from the ESOP Trust Account to the JACCS Co., Ltd. Employee Stock Ownership Association; a decrease of 11,600 shares due to exercise of stock options; and a decrease of 16,200 shares due to grant of restricted share units as stock-based compensation.

3. Treasury stock (shares of common stock) includes shares of the Company held by the ESOP Trust Account. This is because shares of the Company held by the ESOP Trust Account are presented on the consolidated balance sheets as treasury stock. The trust was terminated in July 2020.

3. Subscription rights to shares

Company name	Classification	Class of shares to be delivered	Number of shares to be delivered (shares)				Balance at March 31, 2021 (Millions of yen)
			April 1, 2020	Increase	Decrease	March 31, 2021	
JACCS Co., Ltd.	Subscription rights to shares as stock options	—	—	—	—	—	¥244
	Total		—	—	—	—	¥244

4. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividend amount	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders, June 26, 2020	Shares of common stock	¥1,728 million	¥50.00	March 31, 2020	June 29, 2020
Board of Directors, November 5, 2020	Shares of common stock	¥1,556 million	¥45.00	September 30, 2020	November 30, 2020

Note: The total dividend amount authorized by a resolution of the Ordinary General Meeting of Shareholders on June 26, 2020 included ¥3 million paid to The Master Trust Bank of Japan, Ltd. (ESOP Trust Account, No. 76325).

(2) Dividends for which the record date is in the current fiscal year and the effective date is in the following fiscal year

Resolution	Class of shares	Source of dividends	Total dividend amount	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders, June 25, 2021	Shares of common stock	Retained earnings	¥2,075 million	¥60.00	March 31, 2021	June 28, 2021

Year ended March 31, 2022

1. Shares outstanding

Class of shares	April 1, 2021	Increase	Decrease	March 31, 2022
Shares of common stock (shares)	35,079,161	—	—	35,079,161

2. Treasury stock

Class of shares	April 1, 2021	Increase	Decrease	March 31, 2022
Shares of common stock (shares)	481,540	557	50,904	431,193

Notes: 1. The increase in treasury stock (shares of common stock) by 557 shares was due to an acquisition of 557 shares based on requests for purchase of shares less than one unit.

2. The decrease in treasury stock (shares of common stock) by 50,904 shares comprised a decrease of 13,800 shares due to exercise of stock options; a decrease of 24,600 shares due to grant of restricted share units as stock-based compensation; and a decrease of 12,504 shares due to performance share unit.

3. Subscription rights to shares

Company name	Classification	Class of shares to be delivered	Number of shares to be delivered (shares)				Balance at March 31, 2022 (Millions of yen)
			April 1, 2021	Increase	Decrease	March 31, 2022	
JACCS Co., Ltd.	Subscription rights to shares as stock options	—	—	—	—	—	¥226
	Total		—	—	—	—	¥226

4. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividend amount	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders, June 25, 2021	Shares of common stock	¥2,075 million	¥60.00	March 31, 2021	June 28, 2021
Board of Directors, November 4, 2021	Shares of common stock	¥2,598 million	¥75.00	September 30, 2021	November 30, 2021

(2) Dividends for which the record date is in the current fiscal year and the effective date is in the following fiscal year

Resolution	Class of shares	Source of dividends	Total dividend amount	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders, June 29, 2022	Shares of common stock	Retained earnings	¥2,945 million	¥85.00	March 31, 2022	June 30, 2022

Notes - Consolidated Statements of Cash Flow

*1. Reconciliation of cash and cash equivalents in the consolidated statements of cash flows and the amount recorded on the consolidated balance sheets as of March 31, 2021 and 2022 is as follows:

	Millions of Yen	
	2021	2022
Cash and deposits	¥112,241	¥138,790
Time deposits exceeding three months	(87)	(212)
Cash and cash equivalents	¥112,153	¥138,578

Notes - Financial Instruments

1. Outline of utilization of financial instruments

(1) Management policies

The JACCS Group operates consumer credit services, including installment sales finance, credit card, credit guarantee and financing. To do such business, the Group borrows money from financial institutions as indirect finance, and raises money by securitization of receivables, issuing bonds and commercial papers in consideration of market conditions and length of finance. As the Group mainly holds financial assets with fixed interest rates, it raises funds corresponding to the term of the financial assets. The Group applies asset liability management (hereinafter referred to as "ALM") to avoid unfavorable effects from gaps in terms between financial assets and financial liabilities and fluctuations in interest rates on financial assets and financial liabilities with variable interest rates, using derivative transactions as a measure. In addition, consolidated subsidiaries operate leasing business. The Group uses derivative transactions to hedge against the risk of interest rate fluctuation and foreign exchange fluctuation, as part of its efforts to ensure stability in its earnings. The Group does not engage in speculative transactions.

(2) Contents of financial instruments and their risks

Financial assets held by the JACCS Group, which are mainly finance receivable-installment on installment sales finance and credit card business, are exposed to the credit risks of the corresponding customers' or member stores' default on payments. Investment securities are equity stocks held for the purpose of maintaining and strengthening relationships with business partners and facilitating business. These assets are exposed to the credit risk of the issuer and the risk of market value fluctuations. Loans payable to financial institutions, securitization of receivables, bonds payable and commercial papers are exposed to liquidity risk. There exists the possibility that the JACCS Group may have difficulty making payment on a due date, such as the Group may not be able to raise funds in the markets under certain circumstances. Some loans payable with variable interest rates expose the Group to the risk of interest rate fluctuation. In addition, foreign currency denominated financial assets and liabilities that arise when the Group conducts transactions overseas are exposed to foreign exchange risk. The Group conducts derivative transactions related to interest rates for the purpose of hedging against the risk of fluctuation of interest rates on loans payable, and conducts derivative transactions related to currencies for the purpose of hedging against the risk of foreign exchange fluctuation.

With regard to the method of hedge accounting, hedging instruments, hedged items, hedging policy, and method of evaluating hedging effectiveness, please refer to Notes - Significant Accounting Policies for Preparation of Consolidated Financial Statements, 4. Accounting policies, (7) Significant hedge accounting methods.

(3) Risk management system of financial instruments

(i) Control of credit risk

The JACCS Group establishes and operates credit control systems which include credit assessment, establishment of credit limit, credit information control, internal rating, setting of guarantee and collateral and response to loans in trouble in conformity with the rules of credit risk control for each finance receivable-installment. These credit controls are carried out by each credit investigation section. In addition, conditions of credit control are reviewed by the Credit Screening and Operation Department, the Credit Management Department and the Audit Office.

(ii) Control of market risk

a. Control of interest risk

The JACCS Group controls interest fluctuation risk by means of ALM. Regulations on ALM specify risk control measures and procedures and the ALM Committee—which comprises executive officers and general managers of related departments—considers the appropriateness, etc., of these measures and procedures on a quarterly basis in relation to the financial environment, asset management and fundraising. The Finance Department analyzes daily interest rate sensitivity based on estimated interest rates and makes a report to the ALM Committee.

Interest fluctuation risk may be hedged by interest rate swaps as a part of ALM.

b. Control of foreign exchange risk

The JACCS Group manages foreign exchange fluctuation risk by raising financial debt denominated in foreign currency corresponding to operational assets and through the use of currency-related derivative transactions on an individual transaction basis.

c. Control of market fluctuation risk

Most of investment securities held are shares held mainly for the purpose of maintaining and strengthening relationships with business partners and facilitating business. The Group carries out ongoing monitoring of the market environment, financial conditions and market prices of the business partners. By considering the circumstances comprehensively and reporting the same to senior management, the Group aims to reduce the price fluctuation risk.

d. Derivative transactions

Each section in charge of the execution of derivative transactions, assessment of hedge effectiveness and operation control is separated to enhance internal checks. Operations are carried out in conformity with regulations on derivatives. The status of these derivative transactions is reported at each meeting of the ALM Committee.

e. Quantitative information relating to market risk

• Financial instruments for trading purposes

The Group does not hold any financial instruments for trading purposes.

• Financial instruments other than those for trading purposes

The financial instruments most affected by interest rate risk, which is a main risk variable, are mainly "short-term loans payable," "long-term loans

payable," "loans payable under securitization of receivables," "bonds payable," "commercial papers" and "derivatives." Derivative transactions used are mainly interest rate swaps, and the use of derivatives transactions is restricted to hedging purposes only. As for these financial instruments, the Group calculates the amount of impact on financial expenses for the following six months, using a reasonable range of changes in the interest rate expected to occur, and uses the calculated amount of impact in a quantitative analysis for managing the risk of changes in the interest rate. In calculations of the amount of impact, the Group separates the financial instruments concerned into the fixed interest rate group and the floating interest rate group and further breaks down the balances into appropriate periods based on respective interest rate dates. The Group then calculates the amount of impact on profit and loss using the range of interest rate fluctuation applicable to each of the periods. As of March 31, 2022, the Group estimates that if the index interest rate increased by 10 basis points (0.1%), financial expenses would increase by ¥448 million on a non-consolidated basis. For this calculation, the Group assumes the risk variables except for the interest rate are constant. Also, the Group does not consider correlation between interest rate and other risk variables. However, actual results may exceed the calculated amount of impact if a fluctuation occurs beyond the reasonably expected range of changes in the interest rate.

The JACCS Group has financial assets and liabilities denominated in foreign currencies. In principle, the Group hedges foreign exchange risks associated with these assets and liabilities through forward exchange contracts, cross-currency interest rate swaps, etc.

(iii) Control of liquidity risk on funding

The JACCS Group timely controls funding operations of the entire group by ALM and strives to secure liquidity by diversification of funding measures, acquisition of commitment lines from multiple financial institutions and adjustment of duration of funding in consideration of the market environment. With regard to management of liquidity risk stemming from fundraising, in accordance with the Company's rules relating to funding liquidity risk management, the Group collects and analyzes a wide range of information, assesses the impact on financing, and reports to the executive officer in charge of accounting and finance. An evaluation is carried out to determine the liquidity risk stage, and the results are reported to the ALM Committee. A contingency plan is prepared for each stage of risk, and the Group has developed a system capable of carrying out appropriate stage evaluation and plan execution.

(4) Supplementary explanation of fair values of financial instruments

As the computation of fair values of financial instruments is subject to certain presumptions, prices may change under different presumptions. Moreover, contractual values of derivative transactions in the Notes - Derivatives do not, by themselves, represent the market risks on these derivative transactions.

2. Fair values of financial instruments

The tables below show the amounts of financial instruments recorded on the consolidated balance sheets and their fair values as of March 31, 2021 and 2022, as well as their differences.

As of March 31, 2021	Millions of Yen		
	Consolidated balance sheet amount	Fair value	Differences
(1) Finance receivable-installment	¥2,562,204		
Allowance for doubtful accounts	(28,492)		
Deferred income on finance receivables	(164,299)		
	2,369,412	¥2,436,772	¥67,360
(2) Lease investment assets	139,990		
Allowance for doubtful accounts	(623)		
	139,367	139,428	61
(3) Investment securities ⁽²⁾			
Available-for-sale securities	17,299	17,299	—
Total assets	2,526,078	2,593,500	67,422
(1) Bonds payable ⁽³⁾	236,892	237,391	499
(2) Long-term loans payable ⁽⁴⁾	883,231	888,066	4,835
(3) Loans payable under securitization of receivables ⁽⁵⁾	428,252	427,403	(848)
Total liabilities	1,548,375	1,552,861	4,485
Derivative transactions ⁽⁶⁾			
1. Hedge accounting not applied	(114)	(114)	—
2. Hedge accounting applied	(1,916)	(1,916)	—
Total derivative transactions	¥ (2,031)	¥ (2,031)	¥ —

	Millions of Yen
	Fair value
Other	
Credit guarantee contracts	¥ 168,134

(*1) "Cash and deposits," "short-term loans payable," and "commercial papers" are omitted because they are settled in a short period of time and their fair values approximate their book values.

(*2) The following financial instruments are not included in "(3) Investment securities" since they have no market prices and their fair values are deemed hardly available. The table below shows the amount of the relevant financial instruments recorded on the consolidated balance sheets.

	Millions of Yen
Category	As of March 31, 2021
Unlisted shares	¥919

(*3) Current portion of bonds payable is included in bonds payable.

(*4) Current portion of long-term loans payable is included in long-term loans payable.

(*5) Current portion of loans payable under securitization of receivables is included in loans payable under securitization of receivables.

(*6) Figures presented are net receivable or payable resulting from derivative transactions. If the net amount is a payable, the figure is shown in parentheses.

	Millions of Yen		
	Consolidated balance sheet amount	Fair value	Differences
(1) Finance receivable-installment	¥2,776,898		
Allowance for doubtful accounts	(27,955)		
Deferred income on finance receivables	(171,882)		
	2,577,060	¥2,634,111	¥57,050
(2) Lease investment assets	144,332		
Allowance for doubtful accounts	(1,068)		
	143,263	142,445	(817)
(3) Investment securities ^(*)			
Available-for-sale securities	19,012	19,012	—
Total assets	2,739,336	2,795,569	56,232
(1) Bonds payable ^(*)	277,684	277,118	(566)
(2) Long-term loans payable ^(*)	886,017	889,986	3,968
(3) Loans payable under securitization of receivables ^(*)	592,115	593,412	1,296
Total liabilities	1,755,817	1,760,516	4,698
Derivative transactions ^(*)			
1. Hedge accounting not applied	(398)	(398)	—
2. Hedge accounting applied	(1,479)	(1,479)	—
Total derivative transactions	¥ (1,877)	¥ (1,877)	¥ —

	Millions of Yen
	Fair value
Other	
Credit guarantee contracts	¥ 184,752

(*1) "Cash and deposits," "short-term loans payable," and "commercial papers" are omitted because they are settled in a short period of time and their fair values approximate their book values.

(*2) Shares, etc. with no market price are not included in "(3) Investment securities." The table below shows the amount of the relevant financial instruments recorded on the consolidated balance sheets. An impairment of ¥35 million was recorded for unlisted shares.

	Millions of Yen
Category	As of March 31, 2022
Unlisted shares	¥758

(*3) Current portion of bonds payable is included in bonds payable.

(*4) Current portion of long-term loans payable is included in long-term loans payable.

(*5) Current portion of loans payable under securitization of receivables is included in loans payable under securitization of receivables.

(*6) Figures presented are net receivable or payable resulting from derivative transactions. If the net amount is a payable, the figure is shown in parentheses.

Note 1: Maturity of monetary assets after the balance sheet date

	Millions of Yen					
As of March 31, 2021	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	¥112,241	¥ —	¥ —	¥ —	¥ —	¥ —
Finance receivable-installment	700,162	457,629	370,545	263,522	196,331	574,013
Lease investment assets ^(*)	43,395	36,209	29,500	23,081	18,646	15,918
Total	¥855,799	¥493,839	¥400,045	¥286,603	¥214,977	¥589,932

(*1) For lease investment assets, future lease payments to be received under the lease contracts are presented.

	Millions of Yen					
As of March 31, 2022	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	¥138,790	¥ —	¥ —	¥ —	¥ —	¥ —
Finance receivable-installment	747,844	492,170	408,136	289,048	216,843	622,854
Lease investment assets ^(*)	44,177	37,456	32,469	25,736	18,622	14,195
Total	¥930,812	¥529,627	¥440,605	¥314,785	¥235,465	¥637,050

(*1) For lease investment assets, future lease payments to be received under the lease contracts are presented.

Note 2: Repayment schedule of bonds payable, long-term loans payable, loans payable under securitization of receivables and other interest-bearing liabilities after the balance sheet date

	Millions of Yen					
As of March 31, 2021	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans payable	¥ 322,802	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial papers	424,500	—	—	—	—	—
Bonds payable	20,000	46,661	60,100	45,130	25,000	40,000
Long-term loans payable	164,904	174,134	155,897	177,551	111,720	99,022
Loans payable under securitization of receivables	138,650	96,082	65,895	43,665	29,938	54,020
Total	¥1,070,856	¥316,878	¥281,893	¥266,347	¥166,658	¥193,042

	Millions of Yen					
As of March 31, 2022	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans payable	¥ 312,515	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial papers	423,500	—	—	—	—	—
Bonds payable	47,370	60,170	45,143	25,000	40,000	60,000
Long-term loans payable	177,952	158,992	204,568	115,095	95,117	134,289
Loans payable under securitization of receivables	183,078	135,465	103,406	67,485	34,931	67,747
Total	¥1,144,417	¥354,627	¥353,119	¥207,581	¥170,049	¥262,037

3. Fair value hierarchy of financial instruments, etc.

Fair values of financial instruments are classified into the following three levels according to the observability and significance of inputs relating to the calculation of their fair values.

Level 1 fair value: Among observable inputs for the calculation of fair values, fair value calculated based on quoted market prices, which are formed on an active market, of the assets or liabilities that are the subject of the relevant fair value calculation.

Level 2 fair value: Among observable inputs for the calculation of fair values, fair value calculated using inputs for the calculation of fair values other than those of Level 1.

Level 3 fair value: Fair value calculated using unobservable inputs for the calculation of fair values.

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is categorized into the level that is the lowest in the hierarchy of the calculation of fair value among the levels to which each of such inputs belongs.

(1) Financial instruments stated at fair value on the consolidated balance sheets

As of March 31, 2022

Category	Millions of Yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	¥19,012	¥ —	¥—	¥19,012
Total assets	19,012	—	—	19,012
Derivative transactions				
Currency related	—	(1,803)	—	(1,803)
Interest rate related	—	(74)	—	(74)
Total liabilities	¥ —	¥(1,877)	¥—	¥(1,877)

(2) Financial instruments which are not stated at fair value on the consolidated balance sheets

As of March 31, 2022

Category	Millions of Yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Finance receivable-installment	¥—	¥ —	¥2,634,111	¥2,634,111
Lease investment assets	—	—	142,445	142,445
Total assets	—	—	2,776,557	2,776,557
Bonds payable	—	274,699	2,418	277,118
Long-term loans payable	—	852,476	37,509	889,986
Loans payable under securitization of receivables	—	593,412	—	593,412
Total liabilities	¥—	¥1,720,588	¥ 39,927	¥1,760,516

Category	Fair value			
	Level 1	Level 2	Level 3	Total
	Credit guarantee contracts	¥—	¥—	¥184,752

Note: Explanation of valuation techniques used in the calculation of fair value and inputs related to the calculation of fair value

Investment securities

Shares are based on the market price and are classified as Level 1 considering the level of activity in the markets.

Derivative transactions

Derivative transactions are forward exchange contracts, interest rate swaps, cross-currency interest rate swaps, etc., and their fair values are based on the prices, etc. presented by the counterparty financial institutions. These fair values are calculated using the discounted present value method, etc., mainly using observable inputs such as interest rates, exchange rates, etc., and are classified as Level 2.

Finance receivable-installment

The fair value is calculated based on the discounted present value method in which the amounts of receivables grouped by certain period of time are discounted by interest rates with consideration for the period to maturity of the receivables and credit risk, and is classified as Level 3.

Lease investment assets

The fair value is calculated based on the discounted present value method in which the amounts of receivables grouped by certain period of time, excluding the estimated residual value, are discounted by interest rates with consideration for the period to maturity of the receivables and credit risk, and is classified as Level 3.

Bonds payable

Among bonds, when the market price is available, the fair value is calculated based on the market price and the fair value of the bonds is classified as Level 2. The fair value of bonds with no available market price is calculated using the discounted present value method based on the total amount of principal and interest and an interest rate with consideration for the remaining maturity of the relevant bonds and credit risk. If the effect of unobservable inputs is significant, the fair value is classified as Level 3. Otherwise, the fair value is classified as Level 2.

Long-term loans payable

The fair value is calculated using the discounted present value method based on the future cash flows of each debt grouped by a certain period of time and an interest rate with consideration for the period to maturity and credit risk. The fair value is classified as Level 3 if the effect of unobservable inputs is significant. Otherwise, the fair value is classified as Level 2.

Loans payable under securitization of receivables

The fair value of loans payable under securitization of receivables is calculated using the discounted present value method based on the total amount of principal and interest grouped by a certain period of time and an interest rate assumed to be the interest rate applicable to similar loans payable, and is classified as Level 2.

Credit guarantee contracts

The fair value of credit guarantee contracts is calculated using the discounted present value method in which collectible amounts of guarantee commissions net of uncollectible loss amounts from subrogation with consideration for the possibility of guarantee fulfillment and collateral value, etc. are discounted by a secure interest rate corresponding to the remaining period, and is classified as Level 3.

Notes - Securities

1. Available-for-sale securities

As of March 31, 2021

Category	Millions of Yen		
	Consolidated balance sheet amount	Acquisition cost	Unrealized gains (losses)
Balance sheet amount exceeding acquisition cost:			
Equity stock	¥ 16,292	¥5,483	¥10,808
Balance sheet amount not exceeding acquisition cost:			
Equity stock	1,007	1,215	(208)
Total	¥17,299	¥6,699	¥10,599

Notes:1. "Acquisition cost" refers to the book value after impairment.

2. Loss on valuation of investment securities of ¥6 million has been recognized through impairment. With regard to impairment, in cases where fair value at end of period has fallen 50% or more compared with the acquisition cost, impairment losses are recognized for all such cases. In cases where fair value has fallen 30% to less than 50% compared with the acquisition cost, impairment losses are recognized to the extent deemed as necessary after considering such factors as recoverability of fair value.

As of March 31, 2022

Category	Millions of Yen		
	Consolidated balance sheet amount	Acquisition cost	Unrealized gains (losses)
Balance sheet amount exceeding acquisition cost:			
Equity stock	¥17,972	¥4,957	¥13,014
Balance sheet amount not exceeding acquisition cost:			
Equity stock	1,040	1,223	(182)
Total	¥19,012	¥6,180	¥12,831

Notes:1. "Acquisition cost" refers to the book value after impairment.

2. Loss on valuation of investment securities of ¥2 million has been recognized through impairment. With regard to impairment, in cases where fair value at end of period has fallen 50% or more compared with the acquisition cost, impairment losses are recognized for all such cases. In cases where fair value has fallen 30% to less than 50% compared with the acquisition cost, impairment losses are recognized to the extent deemed as necessary after considering such factors as recoverability of fair value.

2. Available-for-sale securities sold during the fiscal year

Year ended March 31, 2021

Category	Millions of Yen		
	Securities sold	Total gain on sales	Total loss on sales
Equity stock	¥548	¥243	¥30

Year ended March 31, 2022

Category	Millions of Yen		
	Securities sold	Total gain on sales	Total loss on sales
Equity stock	¥812	¥179	¥47

Notes - Derivatives

1. Derivatives to which hedge accounting is not applied

As of March 31, 2021		Millions of Yen			
Category	Type of derivative transactions	Contractual value		Fair value	Valuation gains (losses)
		Total	Due after 1 year		
Transactions other than market transactions	Forward exchange contracts	¥5,064	—	¥(65)	¥(18)
	Sell: VND Buy: USD				
	Forward exchange contracts	2,073	—	0	41
	Sell: VND Buy: Yen				
Forward exchange contracts	Sell: VND Buy: Yen	1,900	—	(49)	(49)
	Sell: PHP Buy: Yen				
Total		¥9,038	—	¥(114)	¥(25)

As of March 31, 2022		Millions of Yen			
Category	Type of derivative transactions	Contractual value		Fair value	Valuation gains (losses)
		Total	Due after 1 year		
Transactions other than market transactions	Forward exchange contracts	¥8,644	¥—	¥ (74)	¥(9)
	Sell: VND Buy: USD				
	Forward exchange contracts	2,754	—	(218)	(218)
	Sell: VND Buy: Yen				
Forward exchange contracts	Sell: VND Buy: Yen	1,476	—	(105)	(55)
	Sell: PHP Buy: Yen				
Total		¥12,876	¥—	¥(398)	¥(284)

2. Derivatives to which hedge accounting is applied

As of March 31, 2021		Millions of Yen			
Accounting method for hedging activities	Type of derivative transactions	Major hedged items	Contractual value		Fair value
			Total	Due after 1 year	
Deferral method	Interest rate swap	Long-term loans payable	¥9,788	¥4,676	¥(258)
	Payment fixed / Receipt variable				
	Cross-currency interest rate swap	Long-term loans payable	18,928	11,988	(1,188)
	Currency option	Long-term loans payable	20,621	10,803	(470)
Total			¥49,339	¥27,469	¥(1,916)

As of March 31, 2022		Millions of Yen			
Accounting method for hedging activities	Type of derivative transactions	Major hedged items	Contractual value		Fair value
			Total	Due after 1 year	
Deferral method	Interest rate swap	Long-term loans payable	¥ 5,292	¥ 1,011	¥ (74)
	Payment fixed / Receipt variable				
	Cross-currency interest rate swap	Long-term loans payable	17,088	8,865	(1,160)
	Currency option	Long-term loans payable	11,437	2,965	(244)
Total			¥33,818	¥12,842	¥(1,479)

Notes - Retirement Benefits

1. Overview of the retirement benefit plans adopted

To provide for employee retirement benefits, the Company and its consolidated subsidiaries operate funded/unfunded defined benefit plans and a defined contribution plan.

Under the defined benefit corporate pension plans (all funded plan), a lump sum or pension is paid in accordance with the employee's salary and the length of service.

2. Defined benefit plans

(1) Reconciliation of beginning and ending balances of retirement benefit obligations

	Millions of Yen	
	2021	2022
Balance at beginning of fiscal years	¥24,807	¥24,866
Current service cost	1,241	1,101
Interest cost	122	115
Actuarial loss (gain)	(57)	121
Benefits paid	(1,189)	(1,120)
Change in scope of consolidation	—	—
Other	(58)	(37)
Balance at end of fiscal years	¥24,866	¥25,046

(2) Reconciliation of beginning and ending balances of plan assets

	Millions of Yen	
	2021	2022
Balance at beginning of fiscal years	¥28,812	¥31,873
Expected return on plan assets	606	666
Actuarial gain (loss)	2,640	165
Contributions paid by the employer	1,041	984
Benefits paid	(1,189)	(1,120)
Other	(39)	59
Balance at end of fiscal years	¥31,873	¥32,629

(3) Reconciliation between ending balances of retirement benefit obligations and plan assets, and net defined benefit liability (asset) recorded on the consolidated balance sheet

	Millions of Yen	
	2021	2022
Funded retirement benefit obligations	¥ 24,846	¥ 25,024
Plan assets	(31,873)	(32,629)
	(7,027)	(7,605)
Adjustments due to asset ceiling	19	97
Unfunded retirement benefit obligations	20	21
Net defined benefit liability (asset) recorded on the consolidated balance sheets	(6,988)	(7,485)
Liabilities for retirement benefits	20	21
Assets for retirement benefits	(7,008)	(7,507)
Net defined benefit liability (asset) recorded on the consolidated balance sheets	¥ (6,988)	¥ (7,485)

(4) Breakdown of retirement benefit expenses

	Millions of Yen	
	2021	2022
Current service cost	¥1,241	¥1,101
Interest cost	122	115
Expected return on plan assets	(606)	(666)
Net actuarial loss (gain) amortization	790	(299)
Past service costs amortization	—	—
Other	99	138
Total retirement benefit expenses	¥1,647	¥389

(5) Remeasurements of defined benefit plans

The breakdown of items included in remeasurements of defined benefit plans (before tax) for the years ended March 31, 2021 and 2022 is as follows.

	Millions of Yen	
	2021	2022
Past service costs	¥ —	¥ —
Actuarial loss (gain)	(3,488)	256
Total amount for the period	¥(3,488)	¥256

(6) Accumulated adjustments (remeasurements) of defined benefit plans

The breakdown of items included in accumulated adjustments (remeasurements) of defined benefit plans (before tax) as of March 31, 2021 and 2022 is as follows.

	Millions of Yen	
	2021	2022
Past service costs that are yet to be recognized	¥ —	¥ —
Actuarial loss (gain) that is yet to be recognized	(1,780)	(1,524)
Total balance at end of fiscal years	¥(1,780)	¥(1,524)

(7) Plan assets

(i) Main components of plan assets

The ratios of components to total plan assets by major category are as follows:

	2021	2022
Bonds	35%	35%
Equity stock	28%	28%
General account	34%	34%
Cash and deposits	3%	3%
Total	100%	100%

(ii) Method for establishing the long-term expected rate of return on plan assets

Current and target asset allocations, as well as historical and expected long-term returns on various categories of plan assets have been considered in determining the long-term expected rate of return on plan assets.

(8) Calculation basis for actuarial assumptions

The principal actuarial assumptions

	2021	2022
Discount rate	0.3%–6.5%	0.3%–6.9%
Long-term expected rate of return	2.0%–5.0%	2.0%–5.0%
Assumed rate of increase in salaries	2.3%–5.0%	2.3%–5.0%

3. Defined contribution plan

The required contribution amounts for the Company and its consolidated subsidiaries to the defined contribution plan are ¥477 million and ¥474 million for the years ended March 31, 2021 and 2022, respectively.

Notes - Stock Options, Etc.

1. Expenses and account titles for stock options

No stock option expenses were recognized for the years ended March 31, 2021 and March 31, 2022.

2. Stock option program-content, scale and fluctuations

(1) Stock option program-content

Date of resolution	August 3, 2012	August 2, 2013	August 5, 2014	August 5, 2015	August 5, 2016	August 4, 2017
Category and number of grantees	7 directors of the Company (excluding outside directors) 11 senior executive officers of the Company	7 directors of the Company (excluding outside directors) 9 senior executive officers of the Company	7 directors of the Company (excluding outside directors) 10 senior executive officers of the Company	7 directors of the Company (excluding outside directors) 10 senior executive officers of the Company	8 directors of the Company (excluding outside directors) 11 senior executive officers of the Company	8 directors of the Company (excluding outside directors) 11 senior executive officers of the Company
Class and number of shares granted	Common stock: 64,400 shares (Note 1)	Common stock: 19,200 shares (Note 1)	Common stock: 36,200 shares (Note 1)	Common stock: 32,600 shares (Note 1)	Common stock: 36,600 shares (Note 1)	Common stock: 33,600 shares (Note 1)
Date of grant	August 20, 2012	August 19, 2013	August 20, 2014	August 20, 2015	August 22, 2016	August 21, 2017
Vesting conditions for rights	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Qualifying period of service	From June 28, 2012 to June 27, 2013	From June 27, 2013 to June 26, 2014	From June 26, 2014 to June 26, 2015	From June 26, 2015 to June 29, 2016	From June 29, 2016 to June 29, 2017	From June 29, 2017 to June 28, 2018
Exercisable period	From August 21, 2012 to August 20, 2042	From August 20, 2013 to August 19, 2043	From August 21, 2014 to August 20, 2044	From August 21, 2015 to August 20, 2045	From August 23, 2016 to August 22, 2046	From August 22, 2017 to August 21, 2047

Notes: 1. Figures shown have been converted to the number of shares. The number of shares presented has been converted to the number of shares reflecting the effect of the reverse stock split (consolidation of shares) executed by the Company on October 1, 2017 (at a ratio of 1-for-5 shares of common stock).

2. Holders of subscription rights to shares may exercise subscription rights to shares on or after the day following the loss of their position in the Company. Specifically, this refers to the position of either director (excluding outside director), audit & supervisory board member, or senior executive officer.

(2) Stock option program-scale and fluctuations

With regard to the number of stock options, the figures presented below have been converted to the number of shares. The table below only includes stock options outstanding during the current fiscal year.

(i) Number of stock options

Date of resolution	August 3, 2012	August 2, 2013	August 5, 2014	August 5, 2015	August 5, 2016	August 4, 2017
Before vesting (shares)						
Outstanding as of March 31, 2021	—	—	—	—	—	—
Granted	—	—	—	—	—	—
Expired	—	—	—	—	—	—
Vested	—	—	—	—	—	—
Outstanding as of March 31, 2022	—	—	—	—	—	—
After vesting (shares)						
Outstanding as of March 31, 2021	21,600	10,600	25,800	31,000	35,800	32,800
Vested	—	—	—	—	—	—
Rights exercised	6,800	1,200	2,400	3,400	—	—
Expired	—	—	—	—	—	—
Outstanding as of March 31, 2022	14,800	9,400	23,400	27,600	35,800	32,800

Note: The number of shares presented has been converted to the number of shares reflecting the effect of the reverse stock split (consolidation of shares) executed by the Company on October 1, 2017 (at a ratio of 1-for-5 shares of common stock).

(ii) Price information

Date of resolution	Yen					
	August 3, 2012	August 2, 2013	August 5, 2014	August 5, 2015	August 5, 2016	August 4, 2017
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average share price on exercising options	2,891	2,820	2,969	3,120	—	—
Fair value unit price on grant date	850	1,780	1,995	1,690	1,165	1,885

Note: The "average share price on exercising options" and "fair value unit price on grant date" have been converted to the share price and fair value reflecting the effect of the reverse stock split (consolidation of shares) executed by the Company on October 1, 2017 (at a ratio of 1-for-5 shares of common stock).

3. Method of estimating the fair value unit price of stock options granted during the current fiscal year

Not applicable

4. Method of estimating the number of vested stock options

Since it is fundamentally difficult to reasonably estimate the number of options that will expire in the future, the Company uses a method that only reflects actual numbers expired.

Notes - Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities as of March 31, 2021 and 2022 are as follows:

	Millions of Yen	
	2021	2022
Deferred tax assets		
Operating loss carryforwards (Note)	¥ 1,225	¥ 748
Allowance for bonuses	878	870
Allowance for credit card point programs	855	812
Allowance for doubtful accounts	5,194	5,511
Allowance for loss on guarantees	255	260
Allowance for loss on interest repayment	187	196
Investment securities	274	255
Excess amount of depreciation	645	626
Other	1,737	1,319
Less amounts offset against deferred tax liabilities	(5,397)	(6,239)
Subtotal	5,854	4,362
Valuation allowance for tax loss carryforwards (Note)	(737)	(606)
Valuation allowance for total deductible temporary differences, etc.	(656)	(566)
Total valuation allowance	(1,394)	(1,172)
Total deferred tax assets	¥ 4,459	¥ 3,189
Deferred tax liabilities:		
Assets for retirement benefits	¥(2,144)	¥(2,288)
Valuation difference on available-for-sale securities	(3,251)	(3,951)
Other	(1)	—
Less amounts offset against deferred tax assets	5,397	6,239
Total deferred tax liabilities	¥ —	¥ —

Note: Tax loss carryforwards and deferred tax assets recognized thereon presented by their respective expiration dates are as follows:

As of March 31, 2021

	Millions of Yen						
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Loss carryforwards	¥ 131	¥ 101	¥ 76	¥ 230	¥ 398	¥ 287	¥ 1,225
Valuation allowance	(131)	(10)	(76)	(115)	(116)	(287)	(737)
Deferred tax assets	¥ —	¥ 90	¥ —	¥ 115	¥ 282	¥ —	¥ 487

(*) The amount of tax loss carryforwards is calculated by multiplying by the effective tax rates.

As of March 31, 2022

	Millions of Yen						
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Loss carryforwards	¥ 44	¥ 76	¥ 115	¥ 193	¥ 175	¥ 143	¥ 748
Valuation allowance	(10)	(76)	(115)	(116)	(143)	(143)	(606)
Deferred tax assets	¥ 33	¥ —	¥ —	¥ 76	¥ 32	¥ —	¥ 142

(*) The amount of tax loss carryforwards is calculated by multiplying by the effective tax rates.

2. A reconciliation of the statutory tax rates to the effective tax rates for the years ended March 31, 2021 and 2022 is as follows:

	2021	2022
Statutory tax rate	30.6%	30.6%
Reconciliation:		
Expenses not deductible for tax purposes, such as entertainment expenses	1.3%	1.1%
Income not taxable for tax purposes, such as dividends income	(1.8)	(0.6)
Consolidation eliminations for dividends income	1.6	0.5
Inhabitants' taxes per capita	0.6	0.4
Increase/decrease in valuation allowance	(0.4)	(1.0)
Difference in tax rate between subsidiaries and parent company	1.1	(0.2)
Income taxes for prior periods	0.2	—
Amortization of goodwill	0.5	0.0
Impairment of goodwill	0.5	—
Other	0.1	0.6
Effective tax rate	34.3%	31.4%

Notes - Asset Retirement Obligations

Disclosure has been omitted since the amounts are considered immaterial.

Notes - Investment and Rental Properties

Disclosure has been omitted since the total amounts of rental properties are considered immaterial.

Notes - Revenue Recognition

1. Information on the breakdown of revenue from contracts with customers

The breakdown of revenue recognized from contracts with customers and other sources by segment within the JACCS Group is as follows:
Year ended March 31, 2022

	Millions of Yen				Total
	Reportable segment				
	Domestic		Overseas		
	Revenue recognized from contracts with customers	Revenue recognized from other sources	Revenue recognized from contracts with customers	Revenue recognized from other sources	
Credit	¥11,854	¥ 47,702	¥ —	¥12,896	¥ 72,453
Card payment	20,514	22,327	—	185	43,027
Finance	949	28,222	—	—	29,171
Other	4,104	9,734	938	4,010	18,787
Total business revenue	¥37,423	¥107,986	¥938	¥17,091	¥163,439
Financial revenue	—	560	—	70	631
Total	¥37,423	¥108,547	¥938	¥17,161	¥164,070

2. Information that is fundamental to understanding revenue from contracts with customers

In recognizing revenue of the JACCS Group, of the fees arising from transactions, etc. based on predetermined rates, etc. such as fees from individual customers, guarantee fees, commission fees from member stores, for contracts with customers, the fees that are not subject to the application of the accounting standards for financial instruments, accounting standards for leases, etc., are recognized as revenue for the amount of consideration that it expects to be entitled to in exchange for the promised goods or services when control of such goods or services is transferred to the customers.

The revenue from contracts with customers of the JACCS Group is principally commission from member stores and credit card annual fees. Commission from member stores is recognized as revenue when the performance obligations are deemed to be satisfied at the point when the performance obligations to member stores for the advance payment contract are fulfilled, and credit card annual fees are recognized as revenue when the performance obligations are deemed to be satisfied over the effective period of the annual fee in accordance with the card membership rules.

3. Information on the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers that existed at the end of the current fiscal year in the following fiscal year and thereafter

Annual fees for credit cards are omitted because the initial expected contract period is one year or less, the remaining performance obligations are immaterial, and no material changes have occurred.

Notes - Segment Information, Etc.

Segment information

1. Overview of reportable segments

The Company's reportable segments are components of the JACCS Group about which separate financial statements are available. These segments are subject to periodic examinations to enable the Company's Board of Directors to decide how to allocate resources and assess performance.

The JACCS Group conducts its main business activities in the consumer credit industry. In Japan, the Group conducts its business through the Company and four consolidated subsidiaries. Overseas, the Group conducts its business in the ASEAN region (Vietnam, Indonesia, Cambodia and the Philippines) through a local subsidiary or affiliate in each country.

The Group's business is comprised of geographic segments and the Company has two reportable segments, the domestic segment and the overseas segment.

2. Method for calculating amounts for operating revenues, income and loss, assets, liabilities and other items for each reportable segment

The accounting method for reported business segments is largely the same as the method presented in Notes - Significant Accounting Policies for Preparation of Consolidated Financial Statements.

3. Information about operating revenues, income and loss, assets, liabilities and other items for each reportable segment

Year ended March 31, 2021

	Millions of Yen				
	Reportable segment		Total	Adjustment amount (Note 1)	Amount presented in the consolidated financial statements (Note 2)
Domestic	Overseas				
Operating revenue					
Operating revenue from non-affiliated third parties	¥ 141,897	¥ 18,753	¥ 160,650	¥ —	¥ 160,650
Inter-segment operating revenue and transfers	146	—	146	(146)	—
Total	¥ 142,043	¥ 18,753	¥ 160,796	¥ (146)	¥ 160,650
Segment income (loss)	¥ 19,719	¥ (3,071)	¥ 16,648	¥ (322)	¥ 16,326
Segment assets	¥4,377,528	¥114,035	¥4,491,563	¥(6,608)	¥4,484,954
Other items					
Depreciation and amortization	8,902	598	9,501	—	9,501
Amortization of goodwill	200	—	200	250	450
Interest income	96	99	196	(75)	121
Interest on loans payable and bonds payable	6,619	5,184	11,803	(176)	11,627
Interest on commercial papers	429	—	429	—	429
Extraordinary income					
Gain on sales of noncurrent assets	—	—	—	—	—
Gain on sales of investment securities	243	—	243	—	243
Extraordinary losses					
Loss on retirement of noncurrent assets	89	0	89	—	89
Loss on sales of investment securities	30	—	30	—	30
Loss on valuation of investment securities	6	—	6	—	6
Impairment loss	66	—	66	281	348
Increase in property, plant and equipment and intangible assets	11,047	1,350	12,397	—	12,397

Notes: 1. Adjustment amounts are as follows.

- (1) The operating revenue adjustment amount of ¥(146) million comprises elimination of inter-segment transactions amounting to ¥(146) million.
 - (2) The segment income (loss) adjustment amount of ¥(322) million comprises such items as adjustments to eliminate differences in accounting treatment between the parent company and subsidiaries amounting to ¥(71) million, and amortization of goodwill amounting to ¥(250) million.
 - (3) The segment assets adjustment amount of ¥(6,608) million comprises such items as elimination of inter-segment transactions amounting to ¥(7,953) million, other assets not allocated to each reportable segment amounting to ¥85 million, and adjustment to assets for retirement benefits amounting to ¥1,259 million.
2. Segment income or loss is adjusted to operating income presented in the consolidated statements of income.

Year ended March 31, 2022

	Millions of Yen				
	Reportable segment		Total	Adjustment amount (Note 1)	Amount presented in the consolidated financial statements (Note 2)
Domestic	Overseas				
Operating revenue					
Operating revenue from non-affiliated third parties	¥ 145,970	¥ 18,099	¥ 164,070	¥ —	¥ 164,070
Inter-segment operating revenue and transfers	94	—	94	(94)	—
Total	¥ 146,064	¥ 18,099	¥ 164,164	¥ (94)	¥ 164,070
Segment income	¥ 26,180	¥ 581	¥ 26,762	¥ (18)	¥ 26,743
Segment assets	¥4,725,944	¥108,886	¥4,834,831	¥(5,949)	¥4,828,881
Other items					
Depreciation and amortization	9,751	658	10,410	—	10,410
Amortization of goodwill	200	—	200	24	225
Interest income	78	70	148	(68)	79
Interest on loans payable and bonds payable	7,153	3,902	11,056	(68)	10,988
Interest on commercial papers	266	—	266	—	266
Extraordinary income					
Gain on sales of noncurrent assets	—	1	1	—	1
Gain on sales of investment securities	179	—	179	—	179
Extraordinary losses					
Loss on retirement of noncurrent assets	27	0	27	—	27
Loss on sales of investment securities	47	—	47	—	47
Loss on valuation of investment securities	37	—	37	—	37
Impairment loss	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	9,631	301	9,932	—	9,932

Notes: 1. Adjustment amounts are as follows.

- (1) The operating revenue adjustment amount of ¥(94) million comprises elimination of inter-segment transactions amounting to ¥(94) million.
 - (2) The segment income adjustment amount of ¥(18) million comprises such items as adjustments to eliminate differences in accounting treatment between the parent company and subsidiaries amounting to ¥6 million, and amortization of goodwill amounting to ¥(24) million.
 - (3) The segment assets adjustment amount of ¥(5,949) million comprises such items as elimination of inter-segment transactions amounting to ¥(7,125) million, other assets not allocated to each reportable segment amounting to ¥63 million, and adjustment to assets for retirement benefits amounting to ¥1,112 million.
2. Segment income is adjusted to operating income presented in the consolidated statements of income.

Related information

Year ended March 31, 2021

1. Information by product or service

	Millions of Yen					
	Credit	Card payment	Finance	Other	Financial revenue	Total
Operating revenue from non-affiliated third parties	¥71,357	¥44,586	¥26,592	¥17,491	¥622	¥160,650

2. Information by geographical area

(1) Operating revenue by geographical area

This information has been omitted because the same information is provided in the segment information table shown above.

(2) Property, plant and equipment by geographical area

This information has been omitted because the amount of property, plant and equipment located in Japan accounted for more than 90% of the consolidated total as of March 31, 2021.

3. Information about major customers

This information has been omitted because no single customer accounted for 10% or more of operating revenue in the consolidated statements of income for the year ended March 31, 2021.

Year ended March 31, 2022

1. Information by product or service

	Millions of Yen					Total
	Credit	Card payment	Finance	Other	Financial revenue	
Operating revenue from non-affiliated third parties	¥72,453	¥43,027	¥29,171	¥18,787	¥631	¥164,070

2. Information by geographical area

(1) Operating revenue by geographical area

This information has been omitted because the same information is provided in the segment information table shown above.

(2) Property, plant and equipment by geographical area

This information has been omitted because the amount of property, plant and equipment located in Japan accounted for more than 90% of the consolidated total as of March 31, 2022.

3. Information about major customers

This information has been omitted because no single customer accounted for 10% or more of operating revenue in the consolidated statements of income for the year ended March 31, 2022.

Information relating to impairment loss on noncurrent assets by reportable segment

Year ended March 31, 2021

This information has been omitted because the same information is provided in the segment information table shown above.

Year ended March 31, 2022

This information has been omitted because the same information is provided in the segment information table shown above.

Information relating to amount of amortization of goodwill and balance of unamortized goodwill by reportable segment

	Millions of Yen			Total
	Domestic	Overseas	Corporate / eliminations	
Amortization amount during period	¥200	¥—	¥250	¥450
Balance at end of period	¥700	¥—	¥ 85	¥785

Note: During the current fiscal year, the Group recognized impairment loss on goodwill of ¥281 million.

Year ended March 31, 2022

	Millions of Yen			Total
	Domestic	Overseas	Corporate / eliminations	
Amortization amount during period	¥200	¥—	¥24	¥225
Balance at end of period	¥500	¥—	¥63	¥563

Information relating to amount of amortization of negative goodwill and balance of unamortized negative goodwill by reportable segment

Year ended March 31, 2021

Not applicable

Year ended March 31, 2022

Not applicable

Notes - Related Parties

Related party transactions

Transactions between the Company and related parties

(A) Transactions with the parent company and major shareholders (limited to companies) of the Company are as follows:

Year ended March 31, 2021

Type	Name	Location	Capital stock or investments in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned) (%)	Relationship with related party	Transactions	Transaction amount (Millions of yen)	Accounts	Balance at end of fiscal year (Millions of yen)	
Major corporate shareholder	MUFG Bank, Ltd.	Chiyoda, Tokyo	¥1,711,958	Banking business	Owned directly	20.31	Relationship of borrowing money	Borrowing of funds	Short-term and long-term borrowing via loans	Short-term loans payable	¥96,027
								¥1,087,625	Borrowing via commercial papers	Current portion of long-term loans payable	29,763
										Long-term loans payable	260,397
										Commercial papers	50,000
								Payment of interest	3,534	Prepaid expenses	81
Relationship of business alliance	Loan guarantees	Credit guarantee (net)	342	Receipt of guarantee fee	513	(See Note 4.)	—	—			
									64,292		

Notes: 1. Transaction terms and method of determining transaction terms

Interest rates on borrowings from MUFG Bank, Ltd. are determined based on market rates.

Borrowings from MUFG Bank, Ltd. are determined by resolutions of the Board of Directors and the Company's rules in the same manner as fundraising carried out from other banks.

Loan guarantee fee rates are determined based on the terms generally applied to other transactions.

2. Only material transactions are presented.

3. The amount of credit guarantee (net) presented in the "Transaction amount" column represents the net change in the amount of guarantee obligations between the prior fiscal year-end and the current fiscal year-end.

4. The amount of credit guarantee that does not involve loan collection services of the Company is not recognized on the consolidated balance sheet. However, the amount of such guarantee obligations disclosed in the Notes on contingent liabilities is presented in the "Balance at end of fiscal year" column of the above table as its balance.

Year ended March 31, 2022

Type	Name	Location	Capital stock or investments in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned) (%)	Relationship with related party	Transactions	Transaction amount (Millions of yen)	Accounts	Balance at end of fiscal year (Millions of yen)			
Major corporate shareholder	MUFG Bank, Ltd.	Chiyoda, Tokyo	¥1,711,958	Banking business	Owned directly	20.34	Relationship of borrowing money	Short-term loans payable		¥ 71,940			
								Borrowing of funds	Short-term and long-term borrowing via loans		22,881		
										¥787,272	Long-term loans payable	275,247	
									Borrowing via commercial papers	140,000	Commercial papers	50,000	
								Payment of interest			Prepaid expenses		2
										2,735	Accrued expenses		111
									Relationship of business alliance	Loan guarantees	Credit guarantee (net) (See Note 4.)		72,064
								Receipt of guarantee fee				—	
										521			

Notes: 1. Transaction terms and method of determining transaction terms

Interest rates on borrowings from MUFG Bank, Ltd. are determined based on market rates.

Borrowings from MUFG Bank, Ltd. are determined by resolutions of the Board of Directors and the Company's rules in the same manner as fundraising carried out from other banks.

Loan guarantee fee rates are determined based on the terms generally applied to other transactions.

2. Only material transactions are presented.

3. The amount of credit guarantee (net) presented in the "Transaction amount" column represents the net change in the amount of guarantee obligations between the prior fiscal year-end and the current fiscal year-end.

4. The amount of credit guarantee that does not involve loan collection services of the Company is not recognized on the consolidated balance sheet. However, the amount of such guarantee obligations disclosed in the Notes on contingent liabilities is presented in the "Balance at end of fiscal year" column of the above table as its balance.

(B) Transactions with companies which have a common parent company with the Company and subsidiaries of other associated companies of the Company are as follows:

Year ended March 31, 2021

Type	Name	Location	Capital stock or investments in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned) (%)	Relationship with related party	Transactions	Transaction amount (Millions of yen)	Accounts	Balance at end of fiscal year (Millions of yen)	
Subsidiary of other associated companies	Mitsubishi UFJ Trust and Banking Corporation	Chiyoda, Tokyo	¥324,279	Trust banking business	Owned directly	1.63	Relationship of borrowing money	Borrowing of funds	Borrowing via commercial papers ¥30,000	Commercial papers	¥ —
								Payment of interest	7	Prepaid expenses	—
									Relationship of business alliance	Loan guarantees	Credit guarantee (net) (See Note 4.)
											16,741
		2,850									

Notes: 1. Transaction terms and method of determining transaction terms

Interest rates on borrowings from Mitsubishi UFJ Trust and Banking Corporation are determined based on market rates.

Borrowings from Mitsubishi UFJ Trust and Banking Corporation are determined by resolutions of the Board of Directors and the Company's rules in the same manner as fundraising carried out from other banks.

Loan guarantee fee rates are determined based on the terms generally applied to other transactions.

2. Only material transactions are presented.

3. The amount of credit guarantee (net) presented in the "Transaction amount" column represents the net change in the amount of guarantee obligations between the prior fiscal year-end and the current fiscal year-end.

4. The amount of credit guarantee that does not involve loan collection services of the Company is not recognized on the consolidated balance sheet. However, ¥11,414 million of such guarantee obligations disclosed in the Notes on contingent liabilities and ¥136,654 million of guarantee obligations recognized in finance payable-credit guarantee are both included in the "Balance at end of fiscal year" column of the above table as its balance.

Year ended March 31, 2022

Type	Name	Location	Capital stock or investments in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned) (%)	Relationship with related party	Transactions	Transaction amount (Millions of yen)	Accounts	Balance at end of fiscal year (Millions of yen)
Subsidiary of other associated companies	Mitsubishi UFJ Trust and Banking Corporation	Chiyoda, Tokyo	¥324,279	Trust banking business	Owned directly	1.63	Relationship of business alliance	Loan guarantees	Credit guarantee (net) (See Note 4.)	146,375
										(1,692)
								Receipt of guarantee fee	—	—
								2,636		

Notes: 1. Transaction terms and method of determining transaction terms

Loan guarantee fee rates are determined based on the terms generally applied to other transactions.

2. Only material transactions are presented.

3. The amount of credit guarantee (net) presented in the "Transaction amount" column represents the net change in the amount of guarantee obligations between the prior fiscal year-end and the current fiscal year-end.

4. The amount of credit guarantee that does not involve loan collection services of the Company is not recognized on the consolidated balance sheet. However, ¥10,503 million of such guarantee obligations disclosed in the Notes on contingent liabilities and ¥135,872 million of guarantee obligations recognized in finance payable-credit guarantee are both included in the "Balance at end of fiscal year" column of the above table as its balance.

Notes - Per Share Information

	Yen	
	2021	2022
Net assets per share	¥4,910.76	¥5,386.05
Net income per share—Basic	340.69	528.97
Net income per share—Diluted	339.14	526.78

Notes: 1. The basis for calculating net income per share (basic) and net income per share (diluted) for the years ended March 31, 2021 and 2022 are as follows:

	2021	2022
Net income per share—Basic		
Net income attributable to owners of the parent (Millions of yen)	11,778	18,316
Net income attributable to owners of the parent applicable to shares of common stock (Millions of yen)	11,778	18,316
Average number of shares of common stock outstanding during period (Thousands of shares)	34,571	34,626
Net income per share—Diluted		
Adjustment amount of net income attributable to owners of the parent (Millions of yen)	—	—
Increase in number of shares of common stock (Thousands of shares)	157	143
(of which, subscription rights to shares) (Thousands of shares)	(157)	(143)
Summary of potential shares that are not included in calculation of net income per share (diluted) due to the non-dilutive nature	—	—

Note: Shares of the Company held by the ESOP Trust Account are included in the number of shares of treasury stock that is deductible in calculating the average number of shares of common stock outstanding during the period, which is used to determine net income per share (basic) and net income per share (diluted) (13 thousand shares in the year ended March 31, 2021). The trust was terminated in July 2020.

2. The basis for calculating net assets per share for the years ended March 31, 2021 and 2022 are as follows:

	2021	2022
Total net assets (Millions of yen)	174,152	192,217
Amounts deducted from total net assets (Millions of yen)	4,252	5,601
(of which, subscription rights to shares) (Millions of yen)	(244)	(226)
(of which, non-controlling interests) (Millions of yen)	(4,007)	(5,375)
Net assets applicable to shares of common stock (Millions of yen)	169,900	186,615
Number of shares of common stock at the end of the fiscal year used in calculation of net assets per share (Thousands of shares)	34,597	34,647

Notes - Significant Subsequent Events

Not applicable

CONSOLIDATED SUPPLEMENTARY SCHEDULES

Schedule of bonds payable

Company name	Issue name	Date of issuance	Balance at beginning	Balance at end of year	Interest rate	Collateral	Date of maturity
			of year	(Millions of yen)			
			(Millions of yen)	(Millions of yen)	(%)		
JACCS Co., Ltd.	The 12th unsecured domestic bonds	December 5, 2014	¥ 10,000 ¥(10,000)	¥ —	0.545	None	December 3, 2021
JACCS Co., Ltd.	The 13th unsecured domestic bonds	February 27, 2015	10,000 (10,000)	—	0.644	None	February 25, 2022
JACCS Co., Ltd.	The 14th unsecured domestic bonds	October 23, 2015	10,000	¥10,000 (10,000)	0.752	None	October 21, 2022
JACCS Co., Ltd.	The 15th unsecured domestic bonds	October 18, 2016	19,882	19,929	0.120	None	October 18, 2023
JACCS Co., Ltd.	The 16th unsecured domestic bonds	June 9, 2017	10,000	10,000 (10,000)	0.250	None	June 9, 2022
JACCS Co., Ltd.	The 17th unsecured domestic bonds	June 9, 2017	10,000	10,000	0.370	None	June 7, 2024
JACCS Co., Ltd.	The 18th unsecured domestic bonds	October 16, 2017	15,000	15,000	0.370	None	October 16, 2024
JACCS Co., Ltd.	The 19th unsecured domestic bonds	June 15, 2018	15,000	15,000	0.250	None	June 15, 2023
JACCS Co., Ltd.	The 20th unsecured domestic bonds	June 15, 2018	10,000	10,000	0.360	None	June 13, 2025
JACCS Co., Ltd.	The 21st unsecured domestic bonds	June 15, 2018	5,000	5,000	0.490	None	June 15, 2028
JACCS Co., Ltd.	The 22nd unsecured domestic bonds	October 15, 2018	15,000	15,000	0.240	None	October 13, 2023
JACCS Co., Ltd.	The 23rd unsecured domestic bonds	October 15, 2018	5,000	5,000	0.544	None	October 13, 2028
JACCS Co., Ltd.	The 24th unsecured domestic bonds	April 16, 2019	10,000	10,000	0.300	None	April 16, 2024
JACCS Co., Ltd.	The 25th unsecured domestic bonds	April 16, 2019	10,000	10,000	0.400	None	April 16, 2026
JACCS Co., Ltd.	The 26th unsecured domestic bonds	October 10, 2019	20,000	20,000 (20,000)	0.030	None	October 7, 2022
JACCS Co., Ltd.	The 27th unsecured domestic bonds	October 10, 2019	10,000	10,000	0.210	None	October 10, 2024
JACCS Co., Ltd.	The 28th unsecured domestic bonds	October 10, 2019	10,000	10,000	0.380	None	October 10, 2029
JACCS Co., Ltd.	The 29th unsecured domestic bonds	January 27, 2021	10,000	10,000	0.190	None	January 26, 2024
JACCS Co., Ltd.	The 30th unsecured domestic bonds	January 27, 2021	15,000	15,000	0.280	None	January 27, 2026
JACCS Co., Ltd.	The 31st unsecured domestic bonds	January 27, 2021	10,000	10,000	0.500	None	January 27, 2031
JACCS Co., Ltd.	The 32nd unsecured domestic bonds	June 8, 2021	—	20,000	0.230	None	June 8, 2026
JACCS Co., Ltd.	The 33rd unsecured domestic bonds	June 8, 2021	—	10,000	0.350	None	June 8, 2028
JACCS Co., Ltd.	The 34th unsecured domestic bonds	June 8, 2021	—	10,000	0.460	None	June 6, 2031
JACCS Co., Ltd.	The 35th unsecured domestic bonds	December 9, 2021	—	10,000	0.250	None	December 9, 2026
JACCS Co., Ltd.	The 36th unsecured domestic bonds	December 9, 2021	—	10,000	0.450	None	December 9, 2031

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the Board of Directors of JACCS Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of JACCS Co., Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2022 and 2021, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Calculation of allowance for doubtful accounts over finance receivables

The key audit matter	How the matter was addressed in our audit
<p>Finance receivables (comprising of finance receivables-installment, finance receivables-installment sales-credit guarantee, lease investment assets and bad debts) of ¥4,536,386 million and allowance for doubtful accounts of ¥29,692 million were recognized in the consolidated balance sheet of JACCS Co., Ltd. (hereinafter referred to as the “Company”) and its consolidated subsidiaries as at March 31, 2022. In the total amount of the allowance for doubtful accounts, ¥24,297 million was attributable to the domestic segment, and ¥5,395 million was attributable to the overseas segment.</p> <p>The finance receivables primarily consist of receivables from retail customers and the allowance for doubtful accounts is recognized as described in “4.(3)(i) Allowance for doubtful</p>	<p>The primary procedures we performed to assess the calculation of allowance for doubtful accounts over finance receivables included the following:</p> <ol style="list-style-type: none"> Allowance for doubtful accounts attributable to the domestic segment <p>(1)Internal control testing</p> <p>We tested the design and operating effectiveness of certain Company internal controls relevant to the calculation of allowance for doubtful accounts on finance receivables, with a particular focus on the following:</p> <ul style="list-style-type: none"> The Company’s policies and procedures for the calculation of allowance for doubtful accounts; and

Company name	Issue name	Date of issuance	Balance at beginning of year (Millions of yen)	Balance at end of year (Millions of yen)	Interest rate (%)	Collateral	Date of maturity
PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA	Bonds denominated in Indonesian rupiah (IDR)	July 12, 2019	¥ 1,095 [IDR150,000 million]	¥ 1,209 (1,209) [IDR150,000 million]	7.800	None	July 12, 2022
PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA	Bonds denominated in Indonesian rupiah (IDR)	August 9, 2019	1,095 [IDR150,000 million]	1,209 (1,209) [IDR150,000 million]	7.700	None	August 9, 2022
PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA	Bonds denominated in Indonesian rupiah (IDR)	September 24, 2019	4,470 [IDR616,000 million]	4,952 (4,952) [IDR616,000 million]	9.250	Yes	September 24, 2022
PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA	Bonds denominated in Indonesian rupiah (IDR)	September 24, 2019	217 [IDR30,000 million]	240 [IDR30,000 million]	9.500	Yes	September 24, 2023
PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA	Bonds denominated in Indonesian rupiah (IDR)	September 24, 2019	130 [IDR18,000 million]	143 [IDR18,000 million]	9.750	Yes	September 24, 2024
Total	—	—	¥236,892 (20,000)	¥277,684 (47,370)	—	—	—

Notes:1. Percentages in the “Interest rate” column show the nominal interest rates applicable to each bond payable. Therefore, it may differ from the substantial fundraising costs.
2. Amounts in parentheses () indicate the current portion of bonds payable.
3. Amounts in brackets [] indicate those denominated in foreign currency.
4. Redemption schedule of bonds payable within five years after the balance sheet date is as follows:

Millions of Yen					
Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	
¥47,370	¥60,170	¥45,143	¥25,000	¥40,000	

Schedule of loans payable, etc.

Category	Balance at beginning of year (Millions of yen)	Balance at end of year (Millions of yen)	Average interest rate (%)	Repayment date
Short-term loans payable	¥ 322,802	¥ 312,515	0.4	—
Current portion of long-term loans payable	164,904	177,952	1.4	—
Current portion of loans payable under securitization of receivables	138,650	183,078	0.3	—
Current portion of lease obligations	119	140	6.4	—
Long-term loans payable (excluding current portion)	718,327	708,064	0.7	From April 2023 to February 2032
Loans payable under securitization of receivables (excluding current portion)	289,601	409,036	0.4	From April 2023 to November 2034
Lease obligations (excluding current portion)	249	230	5.9	From April 2023 to March 2029
Other interest-bearing liabilities Commercial papers (due within one year)	424,500	423,500	0.1	—
Total	¥2,059,153	¥2,214,518	—	—

Notes:1. Average interest rate is calculated using the average interest rate and balance during the period.
2. Repayment schedule of long-term loans payable (excluding current portion), loans payable under securitization of receivables (excluding current portion) and lease obligations (excluding current portion) within five years after the balance sheet date is as follows:

Millions of Yen				
Category	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Long-term loans payable	¥158,992	¥204,568	¥115,095	¥95,117
Loans payable under securitization of receivables	135,465	103,406	67,485	34,931
Lease obligations	¥ 133	¥ 67	¥ 13	¥ 6

Schedule of asset retirement obligations

The balance of asset retirement obligations at the beginning and at the end of the current fiscal year was less than one-hundredth (1/100) of the balance of total liabilities and net assets at the beginning and at the end of the current fiscal year. Consequently, the information has been omitted in accordance with the provisions of Article 92-2 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

accounts” of “Notes – Significant Accounting Policies for Preparation of Consolidated Financial Statements” and “Notes – Significant Accounting Estimates”. For certain receivables, such as those from debtors whose solvency is in doubt, those receivables are assessed for their recoverability and allowance for doubtful accounts is recognized at the amounts deemed necessary based on the estimated future unrecoverable amount. For other receivables, those receivables are classified into categories based on the overdue period, and allowance for doubtful accounts is recognized at the amount deemed necessary primarily based on the historical write-off ratio for each of the receivable categories. Further, for a certain overseas subsidiary, accounting standards for financial instruments based on the International Financial Reporting Standards are applied, and allowance for doubtful accounts corresponding to credit risk as of the end of the fiscal year is computed utilizing an impairment model based on the expected credit losses.

Finance receivables account for a significant portion of total assets in the consolidated balance sheet, and the estimated amount of future credit losses of the receivables may have significant effects on the consolidated financial statements. In addition, the calculation of allowance for doubtful accounts was based on certain assumptions, including the expected recovery of overdue receivables and the effect of COVID-19, and involved management’s judgment.

We, therefore, determined that our assessment of the calculation of allowance for doubtful accounts over finance receivables was the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

- Effectiveness of internal controls over the assessment of recoverability for certain receivables such as those from debtors whose solvency is in doubt and the calculation of allowance rates primarily based on the historical write-off ratio for each of the receivable categories for other receivables.

(2) Assessment of the reasonableness of the estimate for allowance for doubtful accounts

We performed the following procedures to assess whether the estimates of the future unrecoverable amount for certain receivables such as those from debtors whose solvency is in doubt and the estimates of allowance rates primarily based on the historical write-off ratio for each of the receivable categories for other receivables were reasonable, including the effect of matters such as COVID-19, in forecasting future credit losses:

- For allowance for doubtful accounts for certain receivables such as those from debtors whose solvency is in doubt, evaluated the reasonableness of the estimated recoverable amount. For allowance for doubtful accounts for other receivables, evaluated the appropriateness of the methodology to calculate allowance rates primarily based on the historical write-off ratio and assessed the sufficiency of the allowance for doubtful accounts by comparing the amount of the actual write-offs to the balance of allowance for doubtful accounts as at the end of the prior fiscal year;
- Evaluated the reliability of data, such as overdue information, used by the Company in estimating the historical write-off ratio for each category of finance receivables; and
- Recalculated the allowance for doubtful accounts calculated by the Company.

2. Allowance for doubtful accounts attributable to the overseas segment

We issued audit instructions to a component auditor of a certain overseas consolidated subsidiary in regards to the internal controls and the calculation of allowance for doubtful accounts, received a report regarding the audit procedures performed and their results and evaluated whether sufficient and appropriate audit evidence was obtained.

Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ Seiki Miyata
Designated Engagement Partner
Certified Public Accountant

/S/ Kenji Seki
Designated Engagement Partner
Certified Public Accountant

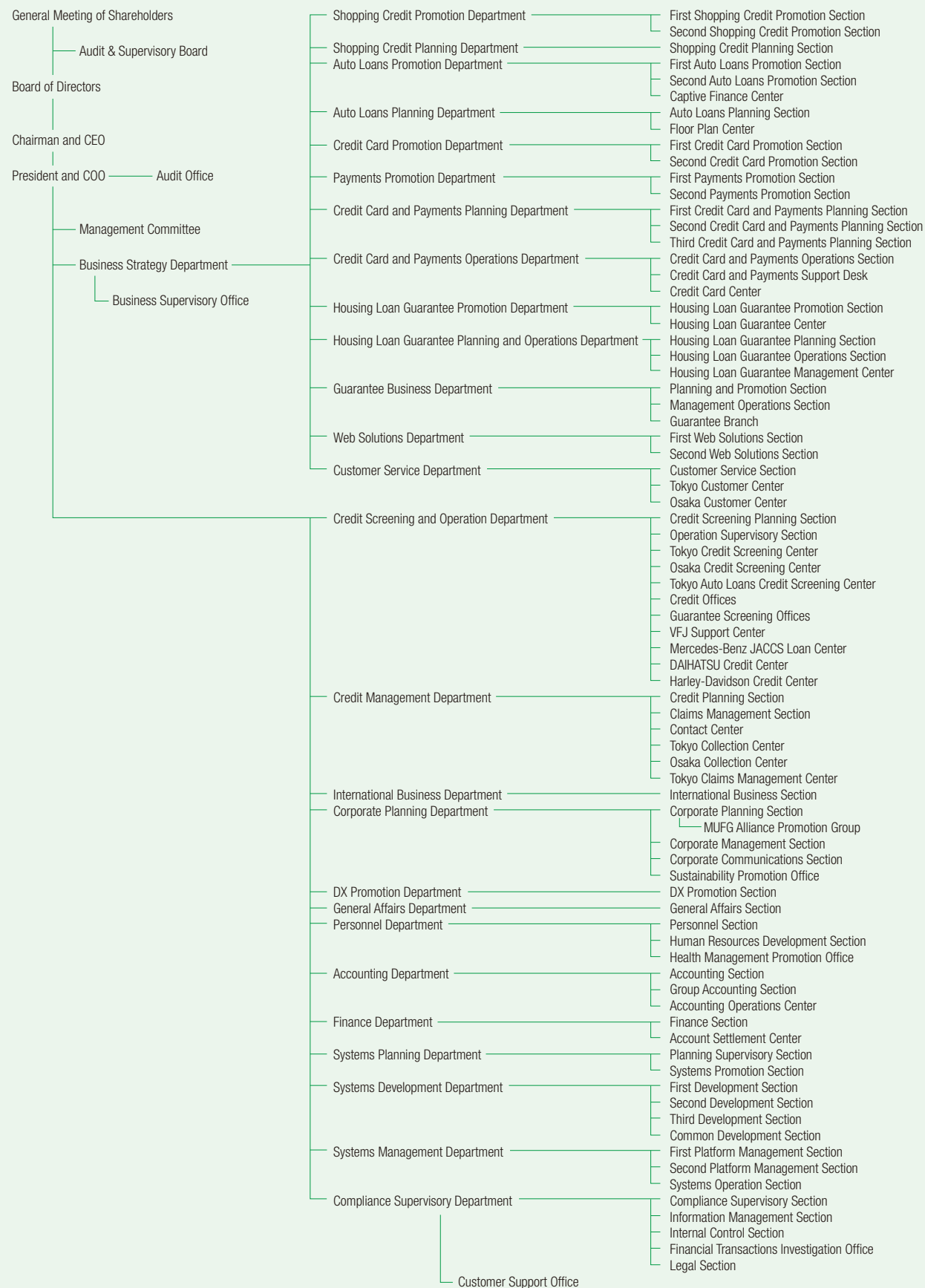
KPMG AZSA LLC
Tokyo Office, Japan
December 23, 2022

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Organization

(As of July 1, 2022)



Corporate Directory

(As of July 1, 2022)

Name: JACCS CO., LTD.

URL: <https://www.jaccs.co.jp/en/corporate/>

Founded: June 29, 1954

Paid-in Capital:

¥16,138 million

Registered Head Office:

2-5, Wakamatsu-cho, Hakodate,
Hokkaido 040-0063, Japan

Principal Executive Office:

Ebisu Neonato Bldg.,
1-18, Ebisu 4-chome, Shibuya-ku,
Tokyo 150-8932, Japan
Phone: (03) 5448-1311

Number of Employees: (As of March 31, 2022)

2,747 (Parent)

6,145 (Consolidated)

Domestic Affiliated Companies:

Consolidated Subsidiaries

JACCS Total Service Co., Ltd. (Equity stake: 100%)

JACCS Lease Co., Ltd. (Equity stake: 100%)

JACCS Loan-Collection Service Co., Ltd. (Equity stake: 100%)

JACCS Payment Solutions Co., Ltd. (Equity stake: 100%)

Overseas Affiliated Companies:

Consolidated Subsidiaries

JACCS International Vietnam Finance Co., Ltd. (Equity stake: 100%)

PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA

(Equity stake: 60%)

JACCS FINANCE PHILIPPINES CORPORATION (Equity stake: 65%)

JACCS MICROFINANCE (CAMBODIA) PLC. (Equity stake: 100%)

The JACCS Services Network:

Office Network

(63 offices including Sapporo, Sendai, Omiya, Tokyo, Yokohama, Nagoya, Osaka, Hiroshima, Fukuoka)

Housing Loans Centers

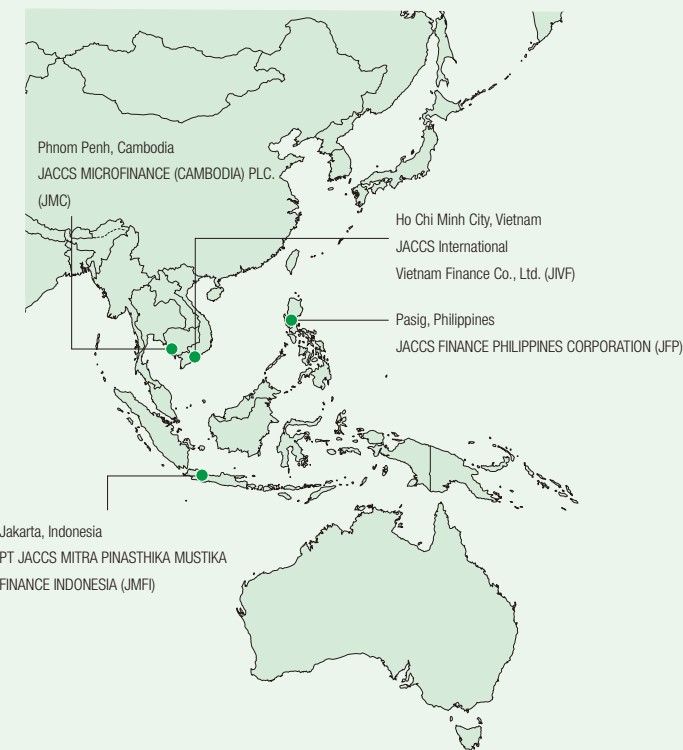
(Tokyo, Osaka, Fukuoka)

Guarantee Branches

(Sapporo, Sendai, Omiya, Tokyo, Nagoya, Osaka, Hiroshima, Fukuoka)



Head office: Ebisu Neonato



Investor Information

(As of March 31, 2022)

Number Of Shareholders:

27,083

Shares Outstanding:

35,079,161

Share Unit:

100 shares

Stock Listing:

Tokyo Stock Exchange (Prime Market)

Securities Identification Code:

8584

Transfer Agent:

Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8212, Japan

Principal Shareholders:

Name of Shareholders	Number of Shares Held (Thousands)	Percentage of Ownership*
MUFG Bank, Ltd.	7,015	20.24
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,162	9.12
Custody Bank of Japan, Ltd. (Trust Account)	2,214	6.39
Shareholding Association of JACCS	1,642	4.73
The Dai-ichi Mutual Life Insurance Company, Limited	1,359	3.92
Meiji Yasuda Life Insurance Company	1,275	3.68
JACCS Co., Ltd. Employee Stock Ownership Association	1,005	2.90
RE FUND 107-CLIENT AC	600	1.73
Nippon Life Insurance Company	588	1.69
Mitsubishi UFJ Trust and Banking Corporation	564	1.62

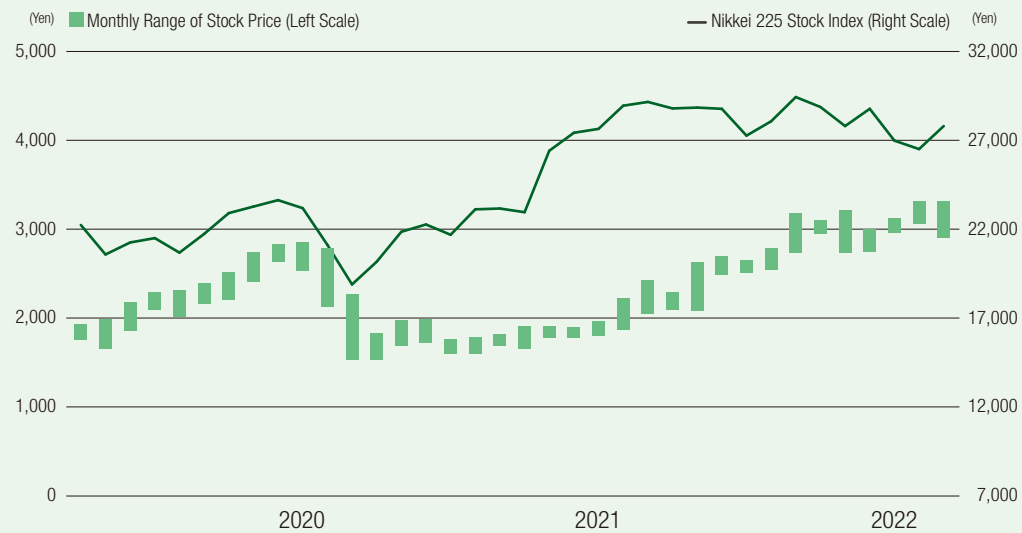
* The percentage of ownership is calculated excluding the number of treasury stock (431 thousand shares).

Common Stock Price Range:

(Years ended March 31)

(Tokyo Stock Exchange)

	2020		2021		2022	
	High	Low	High	Low	High	Low
First quarter	¥2,177	¥1,658	¥1,984	¥1,527	¥2,692	¥2,085
Second quarter	2,388	2,009	1,818	1,598	3,180	2,507
Third quarter	2,827	2,204	1,915	1,657	3,215	2,741
Fourth quarter	2,858	1,535	2,425	1,796	3,315	2,903

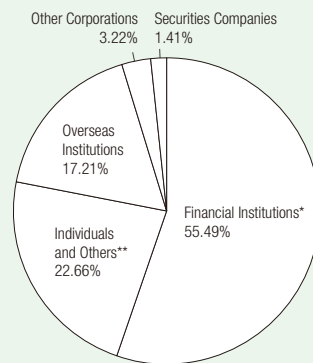


Cash Dividends:

(Years ended March 31)

	2020	2021	2022
Yearly	¥95.00	¥105.00	¥160.00
Interim	45.00	45.00	75.00

Stock Held by Investor Type



* The Financial Institutions category includes shares held under trust accounts. This includes investment trusts and pension fund trusts.

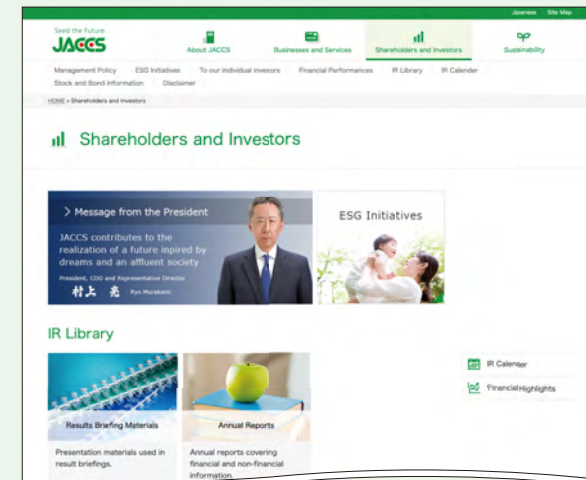
** The Individuals and Others category includes 431 thousand shares (1.23%) of treasury stock.

Corporate Website Guidance

JACCS provides information disclosure to all its stakeholders via its website.

For Shareholders and Investors

For details on management policies, financial performance, share and bond information, and IR materials, please visit the JACCS website.



<https://www.jaccs.co.jp/en/corporate/ir/>



Sustainability

For details on the Group's Basic Policy on Sustainability, materiality, and the initiatives and programs related to such areas as stakeholders, environmental protection, and climate change, please visit the JACCS website.



<https://www.jaccs.co.jp/en/corporate/sustainability/>



Seed the Future.



Registered Head Office:

2-5, Wakamatsu-cho, Hakodate,
Hokkaido 040-0063, Japan

Principal Executive Office:

Ebisu Neonato Bldg., 1-18, Ebisu 4-chome,
Shibuya-ku, Tokyo 150-8932, Japan

