Seed the Future.

JACCS

Annual Report 2021

For the Fiscal Year Ended March 31, 2021

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.

CONTENTS

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, in addition to financial information, the report contains an expanded level of non-financial information, including management strategy, strengths of the JACCS Group, principal risks and response, status of the Group's businesses, and environmental, social, and corporate governance (ESG) information.

REFERENCE GUIDELINES

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

REPORTING PERIOD

Fiscal year ended March 31, 2021 (April 1, 2020–March 31, 2021)
A portion of the content of this report includes information about periods up to and including the fiscal year ended March 31, 2020, and information about and activities planned for periods from the fiscal year ending March 31, 2022, onward.

SCOPE OF THE REPORT

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

FOR SHAREHOLDERS AND INVESTORS

For details on management policies, financial performance, share information, and investor relations (IR) materials, please visit the JACCS website at:

https://www.jaccs.co.jp/en/corporate/ir/

CSR ACTIVITIES

For details on environmental and social initiatives, and relationships with stakeholders, please visit the JACCS website at:

https://www.jaccs.co.jp/en/corporate/csr/

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.

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.

Management Principle

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

Long-Term Vision

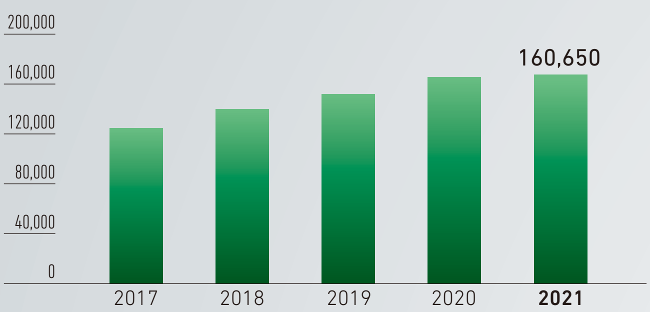
Establish JACCS' position as a leading brand among Asian consumer finance companies

Code of Conduct and Ethics

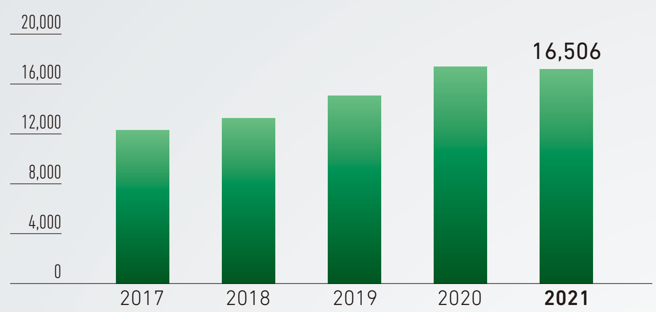
- We will conduct business activities in compliance with laws and regulations.
- We undertake business activities that value people highly.
- We carry out business activities in a manner that places a high value on trust.
- We maintain a fair and transparent corporate culture.
- We carry out business 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.

FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

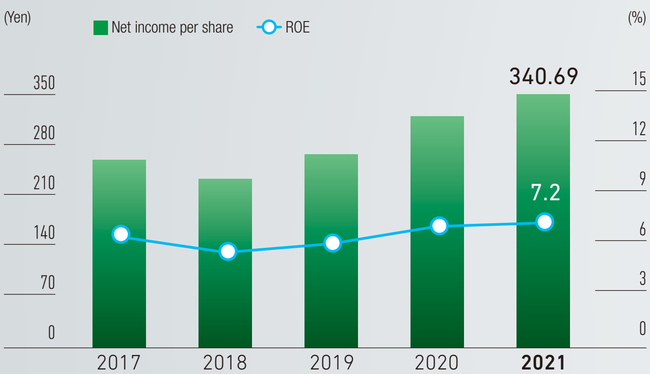
Total Operating Revenue



Ordinary Income

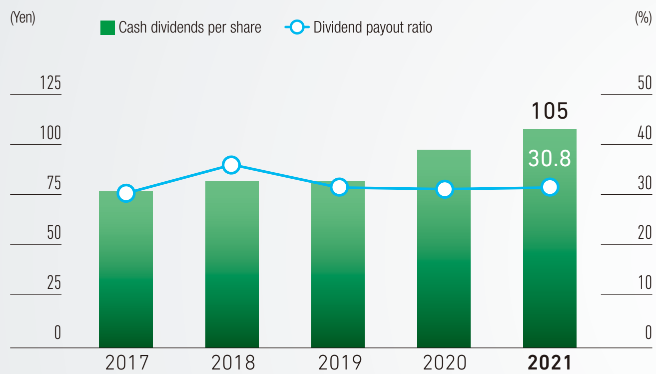


Net Income per Share—Basic*1 and ROE



*1 On October 1, 2017, the Company executed a reverse stock split (consolidation of shares) at a ratio of 1-for-5 shares of common stock. Per share figures have been retroactively adjusted to reflect the effects of the stock split.

Cash Dividends per Share*1 and Dividend Payout Ratio



BUSINESS HIGHLIGHTS

2020

April:
Commenced broadcasts of a new television commercial featuring professional tennis player Kei Nishikori, with whom JACCS has maintained a sponsorship agreement since 2013

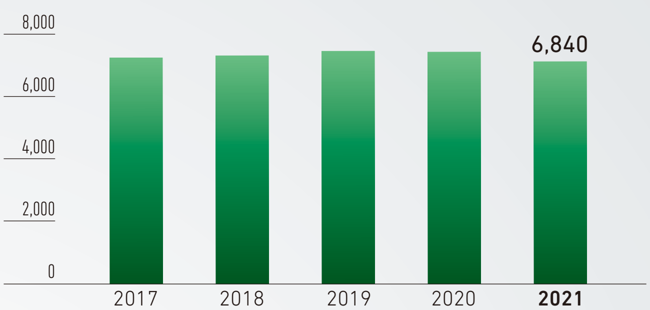
May:
Formed an alliance with Kure Shinkin Bank, and commenced guarantee operations for fully Web-based auto loans

July:
Began sales operations for "Jeep Flat Ride"—an auto leasing product targeting individual customers that was developed in collaboration with FCA Japan Ltd.; the first product of its type for the Jeep brand in Japan

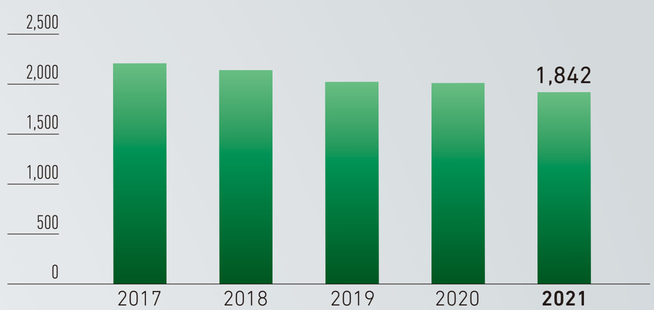
Introduced visual interactive voice response (IVR) technology at our customer center, and began providing support services whereby customers are given an optimal menu of answers on their smartphone screen in response to a range of inquiry types

JACCS' smartphone website using visual IVR

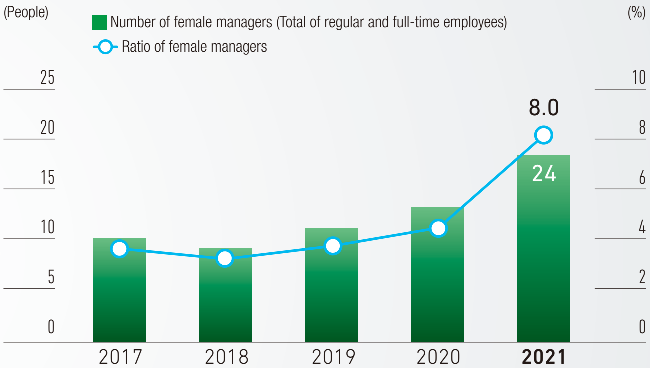
Number of JACCS Cardholders



Energy Consumption

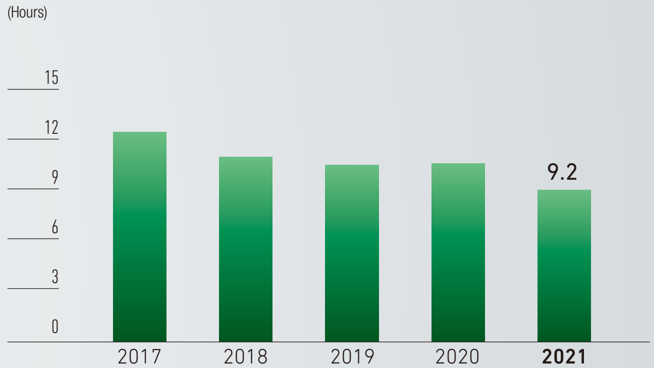


Number*2 and Ratio of Female Managers



*2 Section manager or higher position as of April 1, 2021

Employees' Average Monthly Overtime Hours



2021

September:
Launched Dennosuke Storage Battery Installation Service in cooperation with Yonden Engery Service Co., Ltd., as a storage battery leasing product aimed at individual customers

Implemented JACCS Payment Solutions Co., Ltd.'s deferred-payment settlement service ATODENE at online shopping site e87.com, which is operated by Senshukai IIHANA Co., Ltd.

JACCS GROUP のコンビニ後払い決済 ATODENE

October:
Newly established the DX Promotion Department with the aim of accelerating the utilization of digital technologies, and facilitating sustainable growth through further enhancement of convenience and productivity

November:
Introduced credit card-based settlement at the directly operated stores of ABLE INC. nationwide for payment of initial tenancy costs when customers sign leases on residential rental properties managed by ABLE

March:
Received certification from METI under the Certified Health and Productivity Management Organization Recognition Program ("White 500") for the fourth consecutive year

2021 健康経営優良法人 Health and productivity ホワイト500

Received the "Hataraku Eru" Award for the second 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

2012
- Prolonged appreciation of the yen
- Global economic slowdown triggered by the European debt crisis

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

Years ended March 31 (Millions of Yen)	2012	2013	2014	2015
Summary of operations for the year:				
Total volume of new contracts	¥2,387,501	¥2,480,470	¥2,784,532	¥3,061,297
Volume of new contracts: Credit card	749,720	786,669	899,957	1,026,247
Volume of new contracts: Installment sales finance	230,352	211,539	293,029	307,767
Volume of new contracts: Credit guarantee	603,873	636,770	687,669	725,019
Volume of new contracts: Financing	86,418	83,022	79,010	79,235
Volume of new contracts: Other operations	717,136	762,469	824,866	923,027
Total operating revenue	107,384	102,950	104,134	108,259
Operating income	10,972	9,413	12,236	11,975
Ordinary income	13,271	11,750	12,238	11,951
Net income attributable to owners of the parent	6,822	7,642	6,504	7,107
Net cash provided by (used in) operating activities	36,236	15,157	(89,429)	(86,683)
Net cash provided by (used in) investing activities	(4,181)	(8,934)	(8,355)	(13,942)
Net cash provided by (used in) financing activities	(61,147)	(47,933)	72,821	115,197
At year-end:				
Total assets (Note 1)	¥2,725,816	¥2,718,518	¥2,896,405	¥3,158,044
Total net assets	111,348	117,486	122,712	132,846
Balance of deferred installment income (Non-consolidated)	80,433	84,746	93,620	99,370
Aggregate balance of operating receivables (Non-consolidated)	2,498,655	2,527,956	2,734,252	2,950,828
Balance of receivables in arrears (Non-consolidated) (Note 4)	254	221	229	233
Allowance for doubtful accounts (Non-consolidated)	19,733	16,474	14,036	11,683
Per share data:				
Net income—basic (Notes 2 and 3)	¥ 194.85	¥ 218.60	¥ 188.55	¥ 207.10
Net assets (Notes 2 and 3)	3,180.85	3,391.90	3,576.90	3,863.35
Cash dividends (Notes 2 and 3)	50	55	70	70
Key ratios (%):				
ROA (Note 1)	0.5%	0.4%	0.4%	0.4%
ROE	6.3	6.7	5.4	5.6
Equity ratio (Note 1)	4.1	4.3	4.2	4.2
Supplementary data:				
Number of JACCS cardholders (Thousands) (As of March 31)	8,419	7,281	6,828	6,726
Number of shares outstanding at year-end (Note 2)	175,395,808	175,395,808	175,395,808	175,395,808
Number of employees	2,977	3,096	3,355	3,434

Notes: 1. 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.

2. On October 1, 2017, the Company executed a reverse stock split (consolidation of shares) at a ratio of 1-for-5 shares of common stock.

3. Figures prior to October 2017 have been retroactively adjusted to reflect the effects of the stock split stated in note 2.

4. Hundreds of millions of yen

2012
- Reinforcement of business foundations
- Measures to minimize the impacts of the Great East Japan Earthquake

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

- 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

2016	2017	2018	2019	2020	**2021**
¥3,404,510	¥3,768,118	¥4,158,700	¥4,559,202	¥4,981,508	**¥4,973,421**
1,127,244	1,196,177	1,247,046	1,306,927	1,358,230	**1,271,609**
446,153	640,321	782,994	1,041,888	1,259,068	**1,341,756**
751,580	780,378	856,716	837,565	942,765	**1,001,656**
77,348	72,667	74,386	86,465	85,292	**54,870**
1,002,182	1,078,573	1,197,557	1,286,354	1,336,149	**1,303,528**
113,673	119,654	134,051	145,836	158,610	**160,650**
12,242	11,798	12,679	14,370	16,506	**16,326**
12,091	11,815	12,733	14,448	16,700	**16,506**
7,569	8,724	7,859	8,955	10,732	**11,778**
(144,453)	(152,722)	(167,815)	(309,890)	(308,473)	**(141,114)**
(8,859)	(6,143)	(10,464)	(8,644)	(11,871)	**(8,816)**
151,897	124,318	210,159	329,161	326,484	**164,868**
¥3,437,641	¥3,710,582	¥4,193,058	¥3,749,167	¥4,231,590	**¥4,484,954**
133,282	140,287	153,123	156,738	162,889	**174,152**
107,003	115,514	127,792	151,605	172,998	**188,025**
3,233,058	3,551,367	3,937,590	4,512,213	5,204,207	**5,722,377**
260	293	349	373	377	**365**
11,080	14,482	17,378	19,304	21,597	**24,052**
¥ 220.10	¥ 252.95	¥ 227.32	¥ 260.13	¥ 311.65	**¥ 340.69**
3,864.05	4,055.91	4,242.44	4,388.98	4,543.94	**4,910.76**
70	75	80	80	95	**105**
0.4%	0.3%	0.3%	0.4%	0.4%	**0.4%**
5.7	6.4	5.5	6.0	7.0	**7.2**
3.9	3.8	3.5	4.0	3.7	**3.8**
6,823	6,958	7,022	7,161	7,135	**6,840**
175,395,808	175,395,808	35,079,161	35,079,161	35,079,161	**35,079,161**
3,710	4,015	5,492	5,721	6,188	**6,285**

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

TO OUR STAKEHOLDERS

Toru Yamazaki
President, COO and
Representative Director

Yasuyoshi Itagaki
Chairman, CEO and
Representative Director

Operating Performance in the Fiscal Year Ended March 31, 2021

In the fiscal year ended March 31, 2021, despite the Group's overseas business recording a large decline in income owing to the impact of the COVID-19 pandemic, a strong performance by the domestic business enabled the Company to more than compensate for this decrease and set a new record high for net income attributable to owners of the parent.

In Japan, although the Group felt the impact of the pandemic, the credit business and financing business were the key drivers of the volume of new contacts. Total operating revenue increased, underpinned by the balance of deferred installment income and the balance of credit guarantees, which the Group has built up to date. Overseas, the volume of new contracts decreased in all four countries in which the Group operates, reflecting the impact of the pandemic. In Indonesia in particular, both the volume of new contracts and operating revenue fell substantially. In contrast, in Vietnam and Cambodia the Group achieved increases in operating revenue, reflecting the buildup of the balance of operating receivables. Furthermore, in the Philippines, there was rise in operating revenue attributable to the affiliated company being newly included within the scope of consolidation. Overall, such factors enabled the Group to maintain operating revenue in the overseas business at a level similar to the previous fiscal year. As a result, consolidated total operating revenue increased 1.3% compared with the previous fiscal year, to ¥160,650 million, meaning revenue has risen for eight consecutive fiscal years.

Consolidated ordinary income decreased 1.2%, to ¥16,506 million. On the expense side, a portion of selling, general and administrative (SG&A) expenses declined, reflecting such factors as voluntary restraint exercised by the Company vis-à-vis some business activities. Conversely, the Company recorded an increase in expenses related to doubtful accounts accompanying a rise in receivables in arrears—mainly attributable to the impact of the COVID-19 pandemic on the overseas business—and an increase in financial expenses owing to depreciation of the Indonesian rupiah. Net income attributable to owners of the parent grew 9.7%, to ¥11,778 million, reaching a new record high.

Evaluation of the Final Year of the RAISE 2020 Medium-Term Business Plan

First, with regard to numerical targets, although the Company did not reach the target for total operating revenue set in the medium-term business plan—reflecting the impact of the COVID-19 pandemic—each of the companies within the Group implemented efforts to expand their respective businesses and improve operations. As a result, we were able to achieve the targets set for ordinary income, net income attributable to owners of the parent, and return on equity (ROE). Contributing significantly to our success in reaching income targets was the overhaul of cost structures carried out at the non-consolidated level. Consequently, the expense ratio—which was 71.9% in the fiscal year ended March 31, 2018—improved 5.4 percentage points, to 66.5%, in the final year of the business plan. In addition, we made progress in raising the quality of JACCS' portfolio of operating receivables, and over the three years of the business plan we successfully implemented a range of programs vis-à-vis claims in arrears. These factors contributed significantly to reaching the targets set for income and ROE.

Under RAISE 2020, while working toward the realization of our medium-term management vision of becoming "an innovative consumer finance company that wins the loyalty of customers, with operations focused on Japan and Southeast Asia," we steadily implemented the Group's management strategies based on three core policies—pursue sustainable growth in domestic businesses; accelerate growth in overseas business; and enhance productivity while strengthening the Group's platform for growth.

With regard to the first core policy—"pursue sustainable growth in domestic businesses"—we worked to strengthen our earnings base. As a result, the credit business and financing business acted as the key performance drivers, and we accomplished a growth rate exceeding that of the market as a whole. Hence, such factors underpinned our success in attaining sustainable growth. In the credit card and payments business, although some outstanding issues remain—such as a shortfall in new member acquisitions and a decline in the volume of new contracts—we pursued expansion of multi-payment services, such as credit card acquiring operations, intermediation operations for QR code-based payments, and deferred-payment settlement services. We also made steady progress in improving the business' profitability by implementing such measures as the introduction of fees for printed credit card statements and an overhaul of the rates used for awarding loyalty points.

Next, I would like to discuss our core policy to "accelerate growth in overseas business." In Vietnam, we achieved increases in both operating revenue and income, and steadily expanded profitability. We also carried out efforts to strengthen the platform for growth, such as a capital increase and investments in information systems. Meanwhile, in Indonesia, the impact of the pandemic was large, meaning we were unable to realize our target for profit growth. However, even within these circumstances we pursued measures that we believe will pave the way for medium- to long-term growth. For example, we improved the business' earnings structure through an overhaul of the product lineup, strengthened the credit screening and receivables management systems, and strove to enhance the quality of the portfolio of operating receivables. Hence, we accomplished steady progress in restructuring of the business. At our subsidiaries in Cambodia and the Philippines, which are still in their initial phase following establishment, we implemented a wide range of measures aimed at building up the business base. These efforts proved worthwhile, with the Group's operations in Cambodia achieving profitability on a single fiscal year basis one year ahead of plan. Furthermore, in the Philippines, after converting the operations into

Results of the Medium-Term Business Plan

(Billions of Yen)

	ACT-Σ	RAISE 2020				
	2018	2019	2020	2021		
	Results	Results	Results	Results	Result vs. plan*1	Change from 2018
Revenues*2	**134.0**	**145.8**	**158.6**	**160.6**	**94.7%**	**26.6**
Non-Consolidated	119.6	127.0	134.7	135.3	96.8%	15.7
Domestic Affiliates	4.6	6.3	7.5	8.9	95.1%	4.2
Overseas Affiliates	10.8	15.6	18.8	18.7	81.2%	7.9
Ordinary Income*2	**12.7**	**14.4**	**16.7**	**16.5**	**102.1%**	**3.7**
Non-Consolidated	11.3	13.5	15.0	18.1	161.9%	6.7
Domestic Affiliates	0.8	1.8	2.2	2.5	81.1%	1.7
Overseas Affiliates	0.8	0.3	0.4	−3.3	—	−4.1
Net Income Attributable to Owners of the Parent	**7.8**	**8.9**	**10.7**	**11.7**	**110.5%**	**3.9**
ROE	**5.5%**	**6.0%**	**7.0%**	**7.2%**	**—**	**1.7**
Dividends per Share (Yen)	**80*3**	**80**	**95**	**105**	**—**	**25**

*1 "Result vs. plan" is the actual result as a percentage of the numerical target set in the plan
*2 The breakdown of revenues is based on a simple aggregate. The breakdown of ordinary income is contribution to income after taking into account goodwill and consolidation adjustments.
*3 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.

a consolidated subsidiary, we pursued the transition of the business' structure with the objective of taking it into profitability.

The final core policy was to "enhance productivity while strengthening the Group's platform for growth." First of all, we undertook measures to leverage Web functionality and artificial intelligence (AI), and worked to increase operational efficiency and bolster competitiveness. For example, we introduced AI technology into our customer call center, which has produced significantly positive outcomes, including a reduction in workload for call center staff and enhanced customer service. Subsequently, in October 2020 the Company newly established the DX Promotion Department. We plan to continue our pursuit of high productivity and execute a broad array of programs. On the human resources side, based on such objectives as maintaining stable employment and securing excellent human resources, we introduced a range of programs. These include a program for continuing employment until 70 years of age, a four-day work week program, and a re-employment program for retired employees. Hence, we made progress in developing an employee-friendly personnel system.

I believe that through these and other measures implemented under RAISE 2020, we made substantial progress along the road toward continued growth for the JACCS Group as a whole.

One-Year Strategy for the Fiscal Year Ending March 31, 2022

To realize its long-term vision, the JACCS Group has—over an extended period—executed its business strategy through a series of medium-term business plans. However, the Company has decided to postpone by one year the start of its new medium-term business plan, which was scheduled to commence in the fiscal year ending March 31, 2022. The reasons for this postponement include the lack of clarity on when the COVID-19 pandemic is likely to subside, and uncertainty over the impact of the pandemic on the Group's operating environment. Consequently, JACCS has positioned the fiscal year ending March 31, 2022, as a year of preparation for a new phase of growth. Specifically, we will be working to address issues that have manifested during the COVID-19 pandemic. This includes prioritizing further productivity improvements in the domestic business, and working toward a recovery in operating performance in the overseas business. To address these issues, we will implement measures aimed at strengthening our core business fields, invest in growth areas, focus on enhancing productivity, and reinforce our platform for growth. In our core fields, particularly the credit business and financing business, we plan to strengthen our operating base as we work toward sustainable growth. As an important growth area, we are aiming to expand the credit card and payments business, particularly through increasing our presence in payments-related fields. In the overseas business, we are carrying out a range of measures aimed at realizing a recovery in operating performance. These include the development of management systems, bolstering support from the head office in Japan, thereby striving to strengthen the business base and to conduct business restructuring. Finally, with regard to productivity improvement and reinforcing our platform for growth, we are working to strengthen cooperation with MUFG and accelerating improvements in operational efficiency through the adoption of a digital transformation (DX) strategy. We intend to steadily execute this array of strategies, and we see these efforts as laying the groundwork for the start of a new medium-term business plan in the fiscal year ending March 31, 2023.

ESG Initiatives

In line with JACCS' management principle, which states, "JACCS contributes to the realization of a future inspired by dreams and an affluent society," the Group is pursuing an array of policies aimed at sustainably raising corporate value.

I would like to take this opportunity to introduce two examples of programs we have implemented in the ESG area.

Up to the fiscal year ended March 31, 2021, the Board of Directors included three independent outside directors. By mutual vote among those three directors, one was selected to be the lead independent outside director. The Company has implemented measures to strengthen coordination among supervisory and audit functions, including convening the Independent Outside Officers' Liaison Committee, which comprises outside directors and outside Audit & Supervisory Board members. In June 2021, the General Meeting of Shareholders appointed one additional independent outside director (female). Following this new appointment, independent outside directors comprise one-third of the Board of Directors. We are committed to a continuation of initiatives to increase the diversity of Board membership, and thereby strengthen corporate governance functions.

During the COVID-19 pandemic, major changes have come about in such areas as how work is handled and working styles. Previously, JACCS has undertaken efforts to develop employee-friendly work environments and expand the range of programs available to employees. Recently, the Company has newly introduced such initiatives as a program for change of work location, for such reasons as a work transfer by the employee's spouse or the need to be close to an aged relative that requires care, and a re-employment program for retired employees. JACCS will continue striving to flexibly respond to the diverse values of employees as well changes in the social and business environment.

Delivering Shareholder Value

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 is to strengthen its financial base and maintain internal reserves while taking into account a comprehensive range of factors when making decisions on dividend payments. Such factors include net income performance, the Company's financial position, and the dividend payout ratio.

Under RAISE 2020, the Company has established an approximate dividend payout ratio target of 30%. The cash dividend applicable to the fiscal year ended March 31, 2021, totaled ¥105.00 per share. This included a year-end dividend that was ¥15.00 per share higher than initially forecast, reflecting an operating performance that exceeded our initial expectations. As a result, the dividend payout ratio was 30.8%.

Toward the Realization of Our Long-Term Vision: JACCS' Medium- to Long-Term Management Strategy

Much uncertainty surrounds the operating environment, with the end of the COVID-19 pandemic still not in sight. However, we will continue to execute the broad range of strategies we have pursued to date. By nimbly dealing with changes in the operating environment as a unified Group, we will remain focused on realizing our long-term vision.

In Japan, we confront such structural issues as a declining birth rate, aging population, and a decrease in the working-age population. Furthermore, the pandemic has led to many restrictions on economic activity. Lifestyles and consumer behavior are being forced to adapt to an unprecedented extent. In the domestic business—centering on the credit business and financing business—based on this recognition of the operating environment, we will pursue innovation in our business model and sustainable growth. The domestic business comprises the core business fields of the JACCS Group, and hence we will maintain a sound balance between revenue and expenses.

We have positioned the payments field and the overseas business as key growth areas for the JACCS Group. The payments field continues to attract significant attention, underpinned by such factors as further expansion of the e-commerce market—which is being driven by demand related to new lifestyles—and Japan's ongoing shift to a cashless society. Although the overseas business is experiencing a temporary slowdown owing to the impacts of the pandemic, in the medium to long term, we expect the ASEAN region to continue recording high rates of economic growth. By effectively investing management resources, even within a rapidly changing environment characterized by fierce competition, we are determined to build solid business foundations, and grow these two areas into new earnings mainstays for the Group.

By steadily executing these strategies and further strengthening coordination within the Group, we will work to realize our long-term vision and achieve sustainable growth for the JACCS Group.

In these endeavors, we look forward to the continued, unwavering support of our shareholders, investors, customers, business partners, and local communities.

August 2021

t. Yamazaki

Toru Yamazaki
President, COO and Representative Director

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

Takashi Saitou

Director, CFO and Managing Executive Officer

Evaluation of the Financial Strategy of Three-Year Medium-Term Business Plan "RAISE 2020"

Having concluded the RAISE 2020 medium-term business plan, please provide your insights on the role played by the plan's financial strategy. Could you also please give us an overview of JACCS' current financial strategy?

Under RAISE 2020, we set an objective of securing sufficient funding to meet the volume of new contracts within the forecast funding cost. Based on this goal, in addition to borrowings from financial institutions centering on the Group's principal financing bank, we expanded the amount of loans payable under securitization of receivables and issued commercial papers and corporate bonds. Through this program, we pursued the diversification of fundraising sources and methods. Furthermore, as JACCS' business has become more diverse and global, part of our support for affiliated companies comprised loans from the Company and guarantees of obligations. Hence, we worked to strengthen the financial base of Group companies.

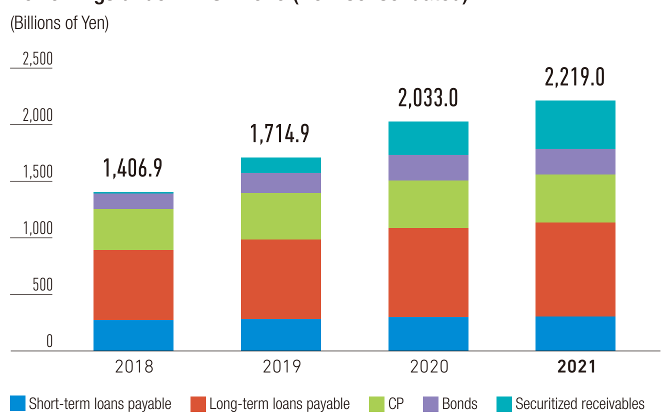
As a result, on a non-consolidated basis, interest-bearing debt increased by ¥812.1 billion over the plan's three years. Meanwhile, the increase in annual fundraising costs was limited to ¥1.7 billion. Hence, we were able to secure sufficient funding to meet the Group's growth needs at low interest rates. Ninety percent of the amount of increase was met through long-term, fixed-rate fundraising, while direct financing accounted for 70% of the amount of increase. Consequently, the ratio of fixed-rate fundraising increased from 49% to 63%, and the direct financing ratio (including loans payable under securitization of receivables) rose from 36% to 49%. While striving to diversify fundraising methods, we were able to build a balanced funding portfolio.

In the future, to support the Group's sustainable growth, we intend to further expand our use of loans payable under securitization of receivables as a core part of fundraising. As such, we will strive to secure a stable supply of the necessary level of funds. To achieve this objective, we will work aggressively to develop the required systems and aim to expand the portfolio of operating assets that may be subject to securitization. Furthermore, we will execute ESG bonds and other forms of sustainable financing in line with JACCS' strategy for sustainability, as we work to expand our financial base.

To support the current high level of interest-bearing liabilities, we will further reinforce our financial discipline and strive to increase the sophistication of our asset and liability management (ALM). Specifically, we will develop a framework to quantitatively assess liquidity risk, interest-rate risk, and refinancing risk, and by utilizing fixed-point observation, we will work to strengthen the Company's risk resilience with regard to financial management.

Through these financial strategies, we will strive to build a stable fundraising base. Furthermore, we will focus on nurturing human resources capable of reliably executing such strategies, and hence build a sound financial management system.

Borrowings under RAISE 2020 (Non-Consolidated)



Policies Aimed at Raising ROE

ROE has increased for four consecutive years. Please outline the measures you are undertaking to further improve ROE.

In the fiscal year ended March 31, 2021, ROE was 7.2%, an increase of 0.2 percentage point compared with the previous fiscal year.

In the fiscal year under review, while operating revenue in the domestic business was affected by the COVID-19 pandemic, the volume of new contracts for auto loans and housing loans—on a non-consolidated basis—was robust. Consequently, the Company achieved an increase in total operating revenue, underpinned by revenue derived from the balance of deferred installment income and the balance of credit guarantees built up to date. On the expense side, we worked to reduce a variety of expenses. This included voluntary suspension of promotional programs during the COVID-19 crisis, curtailing credit card-related expenses, and inhibiting the occurrence of receivables in arrears. Consequently, we were able to curb increases in business expenses.

In the overseas business, Indonesia suffered the greatest impact from the pandemic, recording a decrease in operating revenue. However, we were able to limit the overall fall in operating revenue in the overseas business to an amount smaller than the operating revenue increase recorded in the domestic business. Factors contributing to this result included increases in operating revenue in Vietnam and Cambodia, and the conversion of JACCS' affiliated company in the Philippines into a consolidated subsidiary.

As a result, consolidated total operating revenue increased for the eighth consecutive fiscal year, setting a new record high. The principal factor contributing to the increase in ROE was an improvement in profitability driven by expense reductions in the domestic business.

With regard to the fiscal year ending March 31, 2022, with the end of the pandemic not yet in sight, we are forecasting operating performance on a non-consolidated basis largely in line with results recorded in the fiscal year ended March 31, 2021. However, driven by a recovery in performance in the overseas business, we anticipate a substantial increase in income. Consequently, we are aiming for further improvement in ROE based on enhanced profitability. In particular, we will strive for growth in operating revenue underpinned by a recovery in the overseas business, and enhanced productivity through aggressive investment in DX.

Analysis of ROE during RAISE 2020

	ROE Net income attributable to owners of the parent / Shareholders' equity	=	Return on sales Net income attributable to owners of the parent / Operating revenue	×	Total asset turnover Operating revenue / Total assets	×	Financial leverage Total assets / Shareholders' equity
2018	5.5%		5.86%		0.034 times		28 times
2019	6.0%		6.14%		0.032 times		30 times
2020	7.0%		6.77%		0.035 times		29 times
2021	7.2%		7.33%		0.037 times		27 times
	1.32 times		1.25 times		1.09 times		0.96 times

Investment for Growth

Please provide an overview of strategic investment in Japan and overseas, JACCS' IT investment plan, and the status of implementation.

One of the core policies adopted by the Group within its RAISE 2020 medium-term business plan was to "enhance productivity while strengthening the Group's platform for growth." In line with this, we have worked to overhaul cost structures, reform operations, and transform our thinking. There is no change to this fundamental approach. In each business, we will carry out product development centering on the expansion and improvement of Web-based functionality. In organizational units involved in the provision of customer services, we are pursuing enhanced operational efficiency through such means as digitization and automation. Our efforts are not limited to business expansion and productivity enhancement, but also include measures needed to address issues that have emerged due to COVID-19. For example, we are developing the infrastructure necessary for working remotely, strengthening the Group's communication infrastructure, and implementing other measures related to the work environment. Furthermore, we are investing in such areas as strengthening of the core computer system to assure stable business continuity, and reinforcement of security systems to ensure the development and maintenance of a highly safe and secure transaction environment. In the future as well, both in Japan and overseas, we plan to execute—on an ongoing basis—a wide range of investments for growth. Specific areas of focus will include expanding the lineup of products and services, with the aim of growing the Group's earnings; continuously reviewing operational processes; and improving operational efficiency by utilizing digital technologies.

Shareholder Return

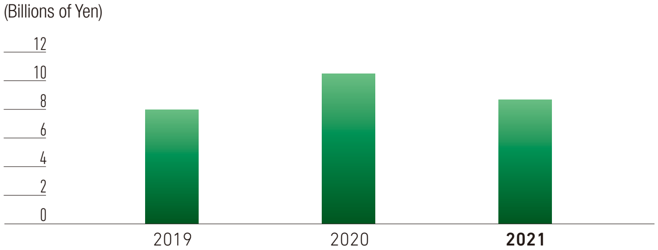
Please summarize your basic policy on shareholder return.

Under the Group's RAISE 2020 medium-term business plan, the Company set a dividend payout ratio target of approximately 30%, and strove to achieve stable shareholder return. Owing to the impact of the COVID-19 pandemic, the start of the Group's new medium-term business plan has been postponed by one year. However, for the fiscal year ending March 31, 2022, the Company will follow its previous policy regarding the dividend payout ratio. JACCS recognizes the maintenance of stable shareholder return as an important management task. At the same time, the Company also recognizes the need to align shareholder return with business performance. Based on this thinking, the Company's fundamental policy on distribution of profits is to strengthen its financial base and maintain internal reserves while taking into account a comprehensive range of factors when making decisions on dividend payments. Such factors include the performance of net income attributable to owners of the parent, the Company's financial position, and the dividend payout ratio.

In the fiscal year ending March 31, 2022, the Company is forecasting a record level of income, driven by robust performance in the domestic business and a recovery in the overseas business. Based on this forecast and the aforementioned dividend policy, we are forecasting* a total cash dividend of ¥125.00 per share, including an interim cash dividend of ¥60.00 per share*.

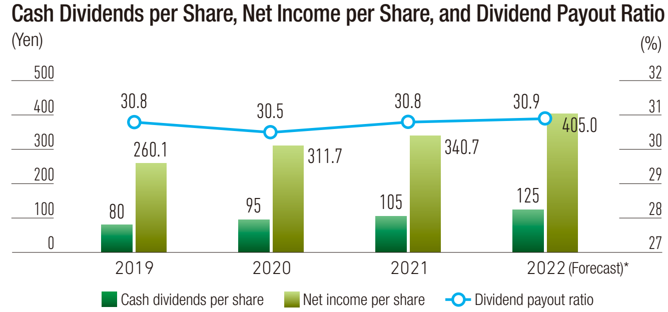
* On September 17, 2021, the Company released the following disclosure: "Notice Regarding Revision of Operating Performance Forecasts and Dividend Forecasts (Dividend Increase)." Following this revision, the Company forecasts a total cash dividend of ¥140.00 per share, including an interim cash dividend of ¥70.00 per share, net income per share amounting to ¥462.5, and a dividend payout ratio of 30.3%.

Increase in New IT Investment



* The above graph shows the increase in software presented on the consolidated balance sheets for each fiscal year.

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



STRATEGY DURING THE FISCAL YEAR ENDING MARCH 31, 2022, AND JACCS' MEDIUM- TO LONG-TERM MANAGEMENT STRATEGY

As conveyed in "To Our Stakeholders," the Company has postponed the start of its new medium-term business plan—which was originally scheduled to begin in the fiscal year ending March 31, 2022—by one year. Hence, JACCS has positioned the fiscal year ending March 31, 2022, as a year of preparation for a new phase of growth. To address a range of urgent issues, the Company decided to formulate and execute a strategy focused on a single fiscal year.

Below, we provide an overview of the strategy we are executing in the fiscal year ending March 31, 2022—on a single fiscal year basis—and explain the Group's medium- to long-term management strategy.

Positioning of the Fiscal Year Ending March 31, 2022

2019–2021	2022	2023–2025
RAISE 2020 (Relation with ASEAN, Innovation, Sustainable, Evolve)	Strategy for the Fiscal Year Year of preparation for a new phase of growth	New Medium-Term Business Plan
• Pursue sustainable growth in domestic businesses • Accelerate growth in overseas business • Enhance productivity while strengthening the Group's platform for growth	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	

Strategy during the Fiscal Year Ending March 31, 2022

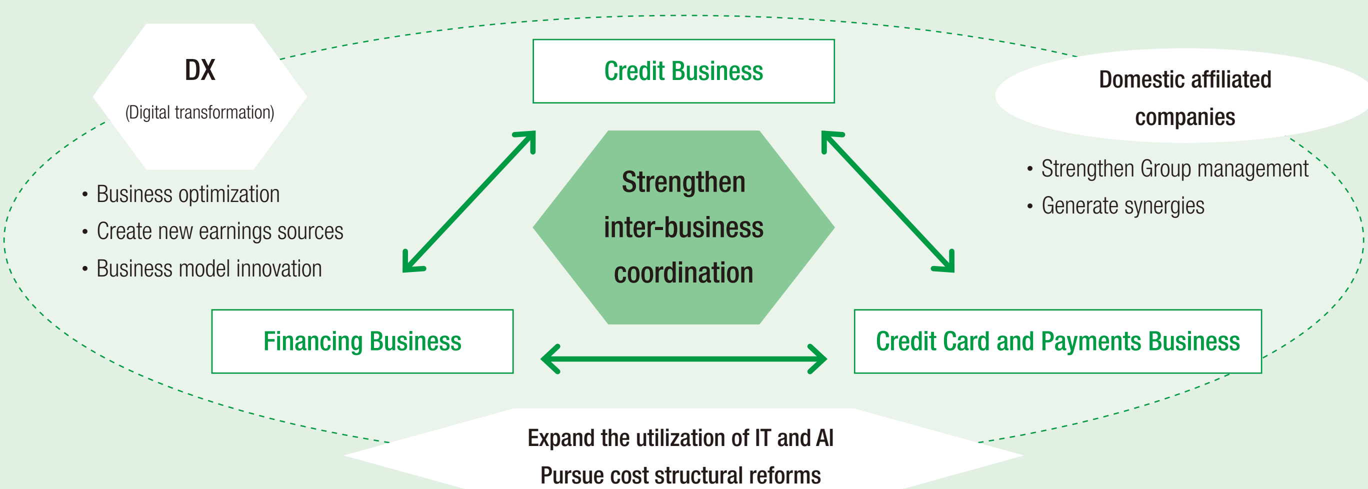
To realize our long-term vision of "establishing JACCS' position as a leading brand among Asian consumer finance companies," we will continue striving to further strengthen the Group's business base. Hence, we have positioned the fiscal year ending March 31, 2022, as a year of preparation for a new phase of growth, in which we will focus on resolving issues that have emerged as a result of the COVID-19 pandemic and achieving a recovery in operating performance in the overseas business.

Domestic Business

Pursue sustainable growth in the Group's core businesses and further productivity improvements

Pursue sustainable growth and operational efficiency

- By identifying changes in the operating environment and market needs, develop and offer products and services that will appeal to member stores and customers, which will lead to growth in the Company's core domestic businesses
- In the credit card and payments business, by pursuing an integrated strategy and a set of reforms, strive to expand earnings
- By pursuing DX, work to enhance operational efficiency and improve productivity



Overseas Business

Expand the business base, and promote business structural reforms to lay the groundwork for growth

Develop business infrastructure and strengthen support systems to facilitate a recovery in operating performance

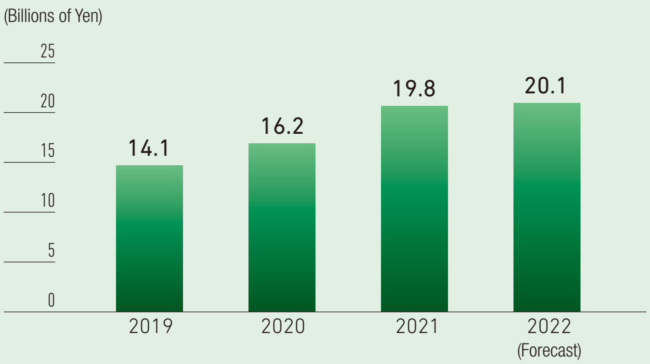
- Implement a range of initiatives to enable an early recovery from the impact of the COVID-19 pandemic
- Strengthen support from the parent company in such areas as human resources, finance, and IT systems

Strengthen and rebuild the Group's business base in the ASEAN region

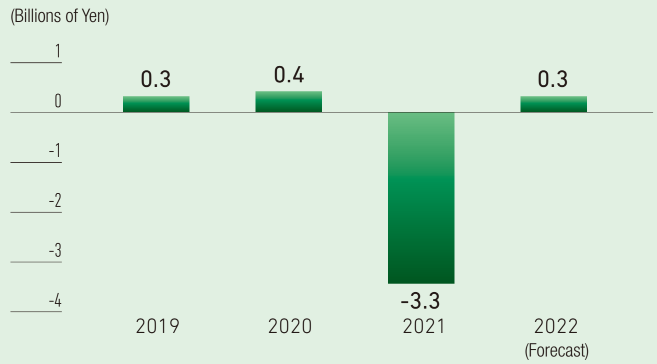
- In Vietnam and Cambodia, expand the business base and grow earnings
- In Indonesia and the Philippines, strengthen the management structure, rebuild the business base, and improve profitability

Ordinary Income (Loss) by Business Segment

Domestic Business



Overseas Business



Medium- to Long-Term Management Strategy

In the domestic business, we face such structural issues as a declining birth rate, an aging population, and a decrease in the working-age population. Furthermore, owing to the pandemic, major restrictions have been placed on economic activity, while lifestyles and consumer behavior have been forced to undergo unprecedented changes. Based on this view of the operating environment, in the domestic business—centering on the credit business and financing business—we will aim to transform our business model and realize sustainable growth. These efforts will be predicated on maintaining a sound balance between revenue and expenses in our core fields, which underpin the Group.

We have positioned the payments field and the overseas business as the Group's key growth areas. The payments field has continued to receive significant attention, driven by such factors as expansion of the e-commerce market—which has been further bolstered by demand stemming from new lifestyles—and the advance of Japan's shift to cashless transactions. Although the overseas business—which JACCS is developing in the ASEAN region—has experienced temporary stagnation owing to the impact of the pandemic, in the medium to long term, we anticipate a continuation of high rates of economic growth. By effectively investing management resources in these businesses, we will strive to build a sound operating base and grow the businesses into new earnings mainstays for the Group even when the operating environment is affected by intense change and competition.

Strengthen core fields	● Expand the domestic business centering on the credit business and financing business ● Realize high productivity and optimize each business
Invest in growth fields	**Domestic:** Business growth through effective allocation of resources to credit card- and payments-related domains **Overseas:** Strengthen the management structure, expand profitability, and build a solid Group management system
Enhance productivity and strengthen the platform for growth	● Further strengthen the management base through enhanced collaboration with the MUFG Group ● Leverage DX, generate new businesses, and transform the business model

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

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

¥5,808.5 billion

Number of employees

6,285

Years of business operation

67 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

¥8.7 billion

Business locations

65 locations in Japan, overseas operations in four ASEAN countries

Number of credit card members

6.84 million members

Number of partner financial institutions for credit guarantees

More than 610 institutions

MUFG Group

Credit worthiness / credit ratings

R&I A–　JCR A–

P1 JACCS' Founding Philosophy

Management Principle

Strengths of the JACCS Group

- Solid domestic business base
- Development of overseas business in the ASEAN region
- A member of MUFG
- Steady, sound management
- Human resources

P6–9 To Our Stakeholders

Operating Performance

ESG P17–25 ESG Initiatives

Medium- to long-term management strategies

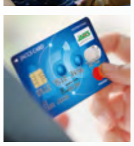
1. Strengthen the Group's core businesses, centering on the credit business and financing business
2. Invest in growth fields, such as the credit card and payments business and the overseas business
3. Enhance productivity and strengthen the platform for growth by focusing on such areas as intra-Group coordination and utilization of DX technologies

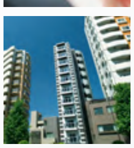
Opportunities and Risks Management Strategy / Allocation of Resources

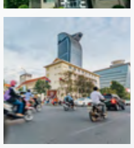
P6–9 To Our Stakeholders
P16 Principal Risks and Response
P28–34 Review of Operations

Main Businesses


Credit Business


Credit Card and Payments Business


Financing Business


Overseas Business

P28-34 Review of Operations

Services

Customers

Member stores / Alliance partners

ASEAN countries

Shareholders / Investors

Local communities

Environment

Employees

Operating Performance / Results

Total volume of new contracts
¥4,973.4 billion

Total operating revenue
¥160.6 billion

Ordinary income
¥16.5 billion

Net income attributable to owners of the parent
¥11.7 billion

ROE
7.2%

Dividend yield
4.6%

Solar loan volume of new contracts
¥55.1 billion

Employees' average monthly overtime hours
9.2 hours

Ratio of female managers
8.0%

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

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
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 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).

ESG INITIATIVES

The JACCS Group engages in its business operations based on the management principle that “JACCS contributes to the realization of a future inspired by dreams and an affluent society.” In addition to generating stable profits, in order for the Group to be recognized by stakeholders as making a meaningful contribution to society, we are proactively addressing—through our business operations—a wide range of issues affecting society.

In this section, we introduce the status of activities carried out by the Group during the fiscal year ended March 31, 2021.

ESG INITIATIVES: THE ENVIRONMENT AND SOCIETY

THE ENVIRONMENT

Protecting the Environment

Contributing through our business activities to reductions in CO_2 emissions

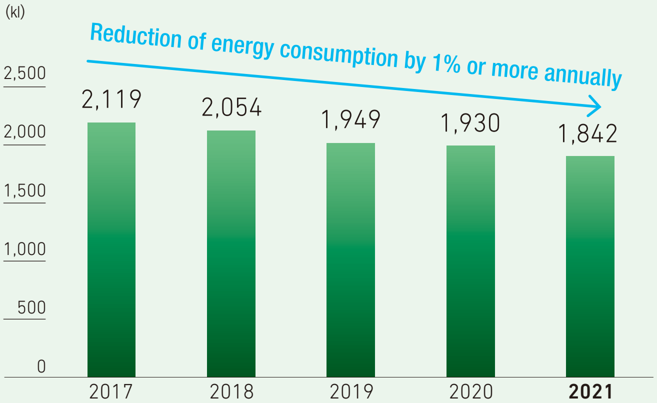
We have established the JACCS Group Basic Environmental Code, and within the principles for action it sets out, one of the key tasks is to proactively support environment-friendly products through the credit business.

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 zero energy housing (ZEH), as well as vehicles that use clean energy, including electric vehicles (EVs) and fuel cell vehicles (FCVs). By supporting the generation of renewable energy and promoting the use of clean energy, JACCS is contributing to reduced CO_2 emissions.

Reducing energy consumption

As a specified business operator designated under the revised 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 CO_2 emissions, including adopting LED lighting, using recycled paper, and converting to paperless operations. In the fiscal year ended March 31, 2021, the Company's energy consumption was equivalent to 1,842 kl of crude oil, down 4.6% 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



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. As a means of strengthening security for customer information, JACCS carried out a range of measures, including further tightening of rules applied when handling such information. In addition, the Company renewed its ISO/IEC 27001 and PCIDSS certifications.

Response measures to the COVID-19 pandemic

The Company engages in its business operations while striving to ensure the health and safety of all stakeholders, including employees, member stores, and alliance partners.

To prevent the spread of infection, the Company is implementing a broad array of measures designed to reduce the frequency of person-to-person contact. These include infection prevention awareness-raising programs, teleworking, encouragement of staggered working hours, provision of special paid leave, and the use of a Web-based meeting system.

During the COVID-19 crisis, changes have been occurring in consumer purchasing behavior, and the growth seen in the volume of e-commerce is one indicator of changing patterns. To respond to these changes in the operating environment, the Company is working to enhance its sales capabilities in ways that adapt to the situation brought about by the pandemic. This includes implementing Web-based training programs for sales staff and performing sales activities remotely through the use of Web-based video technologies. Based on these measures, there has been an increase in the use of Web-based credit application functions in both face-to-face (in-store) sales and non-contact (remote) sales. Hence, even during the COVID crisis, the credit business was able to expand the volume of new contracts.

JACCS’ customer center awarded “3 stars” (highest) rating in HDI Rating Benchmark

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.

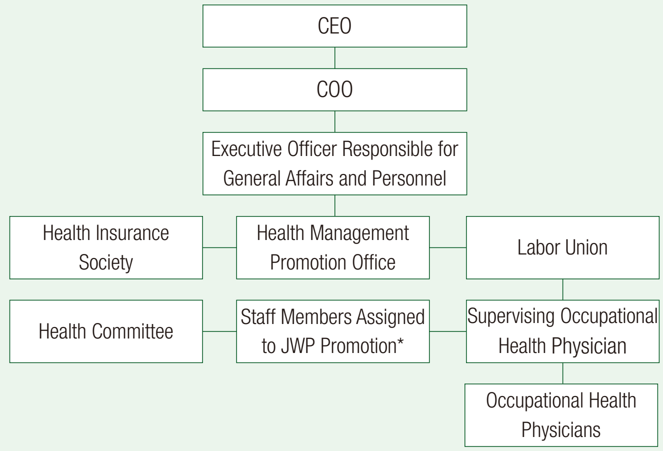
As a result of these efforts, in the fiscal year ended March 31, 2021, JACCS was awarded the highest rating of “3 stars” in the Quality Rating section of 2021 HDI Rating Benchmark, organized by HDI-Japan. The HDI Rating Benchmark is an evaluation program with four rating levels—3 stars being the highest 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, and dealing with difficulties. JACCS received the highest evaluation in service organization and response skill.

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



* 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.

In the fiscal year ended March 31, 2021, the Company newly established the Health Management Promotion Office as a specialist organization focused on health and productivity management. The office’s objectives are to build an environment in which diverse human resources can fulfill their potential, promote a work–life balance, and realize further improvement in JACCS’ corporate evaluation, to an even greater extent than has been the case to date.

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. The specific targets set under JWP are: at least three days per month with no overtime worked; at least one “Premium Weekday”*2 per month; at least 60% of annual leave days used; and a maximum of 30 hours of overtime*3 worked per month. Furthermore, the Company is implementing stress checks as part of efforts to promote physical and mental health. In the fiscal year under review, measures to address the COVID-19 pandemic were given priority, meaning part of the aforementioned programs were temporarily suspended. However, the Company was able to maintain the implementation and acquisition of measures above a certain level.

For further details on programs for employees, please visit the JACCS website at:

https://www.jaccs.co.jp/en/corporate/csr/employee.html

*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.

*3 Number of hours exceeding the Company’s prescribed working hours, which are within the statutory working hours

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, 2021

1. Ratio of female recruits (among regular, full-time employees recruited as new graduates in April 2021)
   - Ratio of women among global recruits **18% (7 employees)**
     (Global employees are recruited on the basis that they may be transferred to any JACCS Group office globally.)
   - Ratio of women among regional recruits **100% (47 employees)**
     (Regional employees are recruited on the basis that they will be assigned to work in a specified region.)

2. Average monthly overtime hours* (regular and full-time employees)
   - Global employees **14.4 hours**
   - Regional employees **6.1 hours**
   - Average for all regular and full-time employees **9.2 hours**

   * Hours worked that exceed statutory working hours

3. Ratio of female employees among management-level employees* (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)
   - Global employees **2.2% (12 employees)**
   - Regional employees **95.4% (166 employees)**
   - Total for all regular and full-time employees **25.1% (178 employees)**

   * As of April 1, 2021

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, 2021, 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%	66.7%

External certifications and awards

- In March 2021, for the fourth consecutive year, JACCS received certification from METI under the Certified Health and Productivity Management Organization Recognition Program ("White 500"), as a company engaging in strategic health and productivity management efforts to maintain employee health from a management perspective.

- In March 2021, for the second 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 companies certified as Organizations that Promote Employee Welfare, JACCS was rated among the top five companies, receiving the award as an Excellent Employee Welfare Organization—Overall.

- JACCS received certification under the "Kurumin" program for the fourth time in June 2019. This certification recognizes JACCS as a company that supports child-rearing, based on the results of its programs, which fulfilled the criteria set and assessed by the Ministry of Health, Labour and Welfare (MHLW) (Tokyo Labor Bureau).

Social Contribution Initiatives

Social contribution through charitable donations

JACCS' social contributions include charitable donations made through the Company's business activities, as well as donations to disaster relief efforts.

Examples of Initiatives in the Fiscal Year Ended March 31, 2021

Initiative	Summary
Donation to communities affected by torrential rain in July 2020	¥5.08 million donated in total, comprising donations by all officers and employees of the Group, together with a matching donation by the Company, and an additional amount donated by the Company
Japan Guide Dog Association (JGDA) Card	Approximately ¥5.72 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 ¥5.67 million donated to nine organizations, including the NPO Gold Ribbon Network, which supports child cancer patients

Social contribution initiatives in Cambodia

The Company's overseas operations comprise four countries in the ASEAN region. At overseas Group companies, JACCS undertakes social contribution activities based on the theme of "coexistence with local communities." In 2018, JACCS FINANCE (CAMBODIA) PLC. (JFC) commenced offering motorcycle loans. Below, we briefly introduce some of JFC's social contribution initiatives.

JFC undertook a wide range of social contribution activities, including making donations to children's hospitals and encouraging blood donations. In February 2021, JFC carried out donations of materials and equipment to an orphanage in Siem Reap, which is the city adjacent to the world heritage site of Angkor Wat. Donations included foodstuffs, stationery, and bicycles. JFC employees delivered the donated goods in person, and spent time with the children.

JFC's head office is located in the Cambodian capital of Phnom Penh, and in 2020 the company established its first branch office in Siem Reap. JFC felt it wanted to make a contribution to the local community in this new area where it had just launched its business operations. In the future too, while pursuing its business operations, JFC aims to carry out activities that will contribute to Cambodia's rich social development.

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 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 highlights version of the video, 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 Communications Section of the Corporate Planning Department.

In the fiscal year ended March 31, 2021, as part of efforts to prevent the spread of COVID-19, the Company canceled its planned results briefing. A video recording was made of the results briefing presentation by the President and COO, and this was published on the JACCS website. Subsequently, one-on-one meetings with analysts and institutional investors were carried out via conference calls and other remote non-contact methods. Using these methods, the Company worked to carefully explain its efforts, including operating performance and management strategies.

For further information on the Company's IR activities, please visit the JACCS website at:

https://www.jaccs.co.jp/en/corporate/ir/

For further information on the Company's CSR activities, please visit the JACCS website at:

https://www.jaccs.co.jp/en/corporate/csr/

ESG INITIATIVES: 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
Independent 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 CSR. 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/

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.

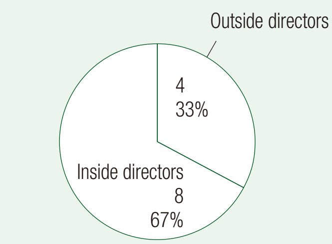
Executive officers hold responsibility and authority for the execution of operations, and comprise the CEO, COO, CFO, executive officers responsible for supervising specific functions, and executive officers. Executive officers are appointed through resolution of the Board of Directors.

Board of Directors

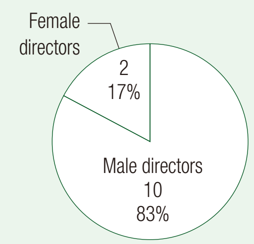
The Board of Directors determines the Company's basic management policies, and makes decisions regarding important operational matters and other matters delegated by resolution of the General Meeting of Shareholders. The Board of Directors also makes decisions on matters stipulated by law and the Company's 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 two 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 business 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 and executive officers responsible for supervising specific functions, 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, the executive officer responsible for supervising general affairs and personnel, and outside directors. By including outside directors within its membership, the committee ensures 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, the executive officer responsible for supervising general affairs and personnel, and outside directors. By including outside directors within its membership, the committee ensures 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.

- Enterprise risk management (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

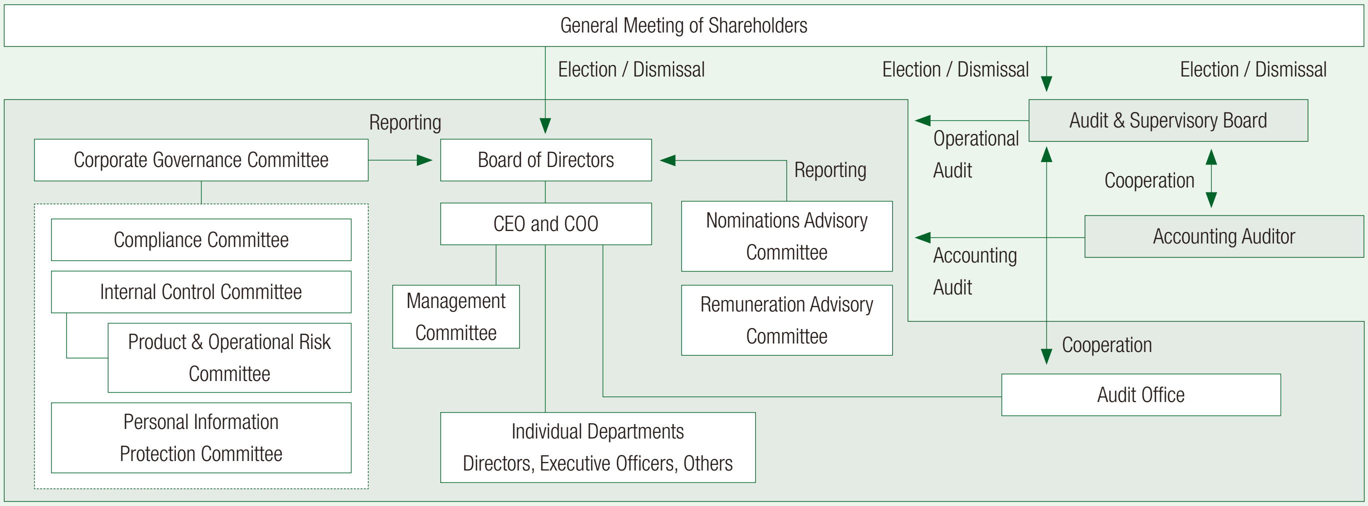
The Corporate Governance Committee comprises representative directors, the director responsible for overseeing general affairs and personnel, the executive officer responsible for supervising general affairs and personnel, the executive officer responsible for supervising compliance, and outside directors.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

Corporate Governance Structure



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, 2021, 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 2021, the Company implemented a survey of directors and Audit & Supervisory Board members. The survey covered seven areas: 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. The Company appointed a third-party institution to undertake evaluation of the survey results.

According to the survey results, evaluation improved across the majority of survey areas compared with the previous fiscal year. As an overall evaluation, the results confirmed that the effectiveness of the Board of Directors was maintained. The Board of Directors is committed to further enhancing its level of effectiveness.

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. At present, there are 12 directors, including four outside directors.

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 and stock-based compensation.

(i) Basic compensation

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

(ii) 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 and targets (initial formulation) for the performance share unit (stock-based program linked to business performance) applicable to the medium-term business plan that commenced in the fiscal year ended March 31, 2019, were as follows.

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 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, consultation is carried out by the Remuneration Advisory Committee, and the Board of Directors receives a report.

4. Compensation of Audit & Supervisory Board members

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

Total compensation by officer category, by 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	
Directors (excluding outside directors)	364	345	19	—	10
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	42	42	—	—	3
Outside officers	36	36	—	—	5

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, 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 an ¥80 million limit.
3. The officers' compensation presented in the above table includes that of two directors and one Audit & Supervisory Board member whose terms of office ended at the conclusion of the 89th Ordinary General Meeting of Shareholders, held on June 26, 2020.
4. The performance share unit (stock-based program linked to business performance) involves the granting of shares and cash following the conclusion of the medium-term business plan (from the fiscal year ended March 31, 2019, to the fiscal year ended March 31, 2021) based on the achievement ratio of numerical targets for the Company's business performance. Consequently, these amounts are not included in total compensation or total compensation by type presented in the above table.
5. In addition to the aforementioned items, pursuant to a resolution of the 77th General Meeting of Shareholders, held on June 27, 2008, the system of retirement bonuses for directors was abolished. As a discontinuance allowance accompanying the system's abolition, the Company granted ¥6 million to one director who retired during the fiscal year ended March 31, 2021.

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 25, 2021, was dispatched on June 4, 2021. 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.

Message from an Independent Outside Director

Kuniaki Hara
Independent Outside Director

A company's raison d'être lies in the contribution it makes to society through its business operations. JACCS makes this clear in its management principle, stating "JACCS contributes to the realization of a future inspired by dreams and an affluent society." To realize this principle, achieving sustainable growth and raising corporate value over the medium to long term are essential goals. Corporate governance is one of the means by which we achieve these goals.

Seven years have passed since I was first appointed to the role of outside director. During this time, JACCS has attained sustainable growth. This reflects the high level of business execution capabilities demonstrated by officers and employees of the Group. Looking at the relationship between the aforementioned goals and means, I believe it is fair to say that the Company's corporate governance is functioning well.

With regard to JACCS' response to the establishment of Japan's Corporate Governance Code in 2015, the largest impact has been the involvement of outside directors in the formulation of the Group's 13th medium-term business plan. Under this process, the Board of Directors determined fundamental management policies and strategies, and oversaw the execution of the plan. In other words, performance of the Board's primary function was reaffirmed. Furthermore, with regard to the effectiveness assessment of the Board of Directors, I think the fact that executive directors tended to take a harsher view than outside directors is evidence that the Company's corporate governance system is functioning properly. Conversely, I also observed certain areas that were still handled in a pro forma manner. Consequently, one of the tasks we must address is improving such areas one by one to ensure that they become effective and substantial elements of the corporate governance system.

I believe for the Company to achieve sustainable growth and raise its corporate value over the medium to long term, the success of the Group's overseas business strategy is crucial. Hence, I am committed to looking for ways in which I can contribute toward the successful development and execution of this strategy.

Board of Directors

(As of June 25, 2021)

Chairman, CEO and Representative Director

Yasuyoshi Itagaki

June 1979 Joined the Company
June 2005 Executive Officer and General Manager of Kyushu Area
June 2008 Senior Executive Officer and Supervisor of Credit Card Business
Oct. 2008 Senior Executive Officer and Supervisor of Sales Planning of Business Strategy Department
June 2010 Director and Senior Executive Officer (Supervisor of General Affairs and Personnel)
June 2011 Director and Senior Executive Officer (Supervisor of Corporate Planning)
June 2012 President, CEO, COO and Representative Director
June 2018 Chairman, CEO and Representative Director

President, COO 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

Deputy President and Representative Director

Minekazu Sugano

Supervisor of International Business and Information Systems

Apr. 1979 Joined the Company
June 2011 Director and Senior Executive Officer (Supervisor of Revenue Management and General Manager of Revenue Management Department)
Oct. 2011 Director and Senior Executive Officer (Supervisor of Accounting and Finance and General Manager of Finance Department)
June 2013 Director and Senior Executive Officer (Supervisor of Information Systems)
June 2014 Director and Managing Executive Officer (Supervisor of Information Systems)
June 2016 Director and Managing Executive Officer (Supervisor of Accounting and Finance and Information Systems)
June 2017 Director, CFO and Senior Managing Executive Officer (Supervisor of Accounting and Finance and Information Systems)
June 2019 Director, CFO and Senior Managing Executive Officer (Supervisor of Information Systems)
June 2020 Deputy President and Representative Director (Supervisor of International Business and Information Systems)

Director and Senior Managing Executive Officer

Hitoshi Chino

General Manager of Business Strategy Department

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 Office (General Manager of Business Strategy Department and Supervisor of Credit Business)
June 2021 Director and Senior Managing Executive Office (General Manager of Business Strategy Department)

Director, CFO and Managing Executive Officer

Takashi Saitou

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.
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

Director and Managing Executive Officer

Shigeki Ogata

Supervisor of Credit Screening and Operation and Compliance

Oct. 1985 Joined the Company
June 2010 Executive Officer and General Manager of Corporate Planning Department
June 2013 Director and Senior Executive Officer (Supervisor of Accounting and Finance and General Manager of Finance Department)
Apr. 2015 Director and Senior Executive Officer (Supervisor of Accounting and Finance)
June 2016 Director and Senior Executive Officer (Supervisor of Credit Screening and Operation)
June 2018 Director and Managing Executive Officer (Supervisor of Corporate Planning and Group Strategic Business)
Apr. 2019 Director and Managing Executive Officer (Supervisor of Corporate Planning)
June 2020 Director and Managing Executive Officer (Supervisor of Credit Screening and Operation and Compliance)

Director and Managing Executive Officer

Kenichi Oshima

Supervisor of General Affairs and Personnel and Credit Management

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)

Director and Managing Executive Officer

Ryo Murakami

Supervisor of Corporate Planning

Apr. 1985 Joined the Company
Oct. 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)

Outside Director*

Kuniaki Hara

Apr. 1971 Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)
Sept. 1978 Passed the third stage examination of Certified Public Accountant Examination and registered as Certified Public Accountant
June 1997 General Manager of Corporate Planning Division of Tokyo Office of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
June 2001 General Manager of Management and Finance Division (CFO)
June 2007 General Manager of Reputation & Risk Division (CRO) and Global Board Member of Deloitte Touche Tohmatsu Ltd.
July 2012 Established Kuniaki Hara Accounting Office (current position)
May 2014 Outside Corporate Auditor of Ryohin Keikaku Co., Ltd.
June 2014 Director of the Company (current position)

Outside Director*

Masahito Suzuki

Apr. 1980 Joined Kirin Brewery Company, Limited
Mar. 2007 Seconded to Kirin Beverage Company, Limited General Manager of Accounting Department
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 AJIS 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)

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

Audit & Supervisory Board Members

(As of June 25, 2021)

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 MUS 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 Yaesu 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.

Executive Officers

(As of June 25, 2021)

Managing Executive Officers

Kojun Sato
PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA
Representative Director

Toshio Sotoguchi
JACCS FINANCE PHILIPPINES CORPORATION
Representative Director

Senior Executive Officers

Takahiro Nagoshi
International Business

Masahiro Hasukawa
Audit Office

Toshiya Kaname
PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA
President Commissioner

Masayuki Nemoto
Credit Management

Shingo Yuzue
Financing Business and Housing Loan Guarantee Planning Operations, Business Strategy

Hiroki Yoshida
Credit Card and Payments Business, Business Strategy

Toshikazu Kondo
Credit Business, Business Strategy

Osamu Ota
Information Systems

Noboru Taniguchi
Kyushu Area

Hirofumi Kato
Shutoken Area

Kazuhiko Segawa
General Affairs and Personnel

Muneo Tobinaga
Accounting and Finance

Executive Officers

Ichiro Kobayashi
Corporate Planning

Naoki Akiba
Compliance

Tatsuya Kosuge
Kinki Area

Akihito Suehiro
Tohoku Aera

Masatoshi Fukuyama
Chugoku-Shikoku Area

Shingo Asakawa
Payments Promotion, Business Strategy

Satoru Yamashita
Chubu Area

Yasuhiko Uchiyama
Hokkaido Area

Hideyuki Yamaoka
Housing Loan Guarantee Promotion, Business Strategy

Yosuke Sato
Kita-Kanto Area

Toru Matsumura
Credit Card Promotion, Business Strategy

Kenji Naiki
Credit Management

Seishi Tawaratumida
Guarantee Business, Business Strategy

Yoshito Shima
Shopping Credit Promotion, Business Strategy

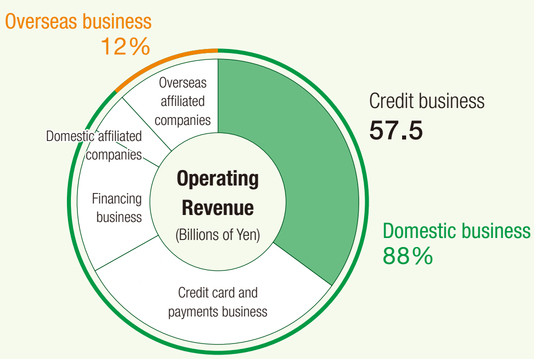
Takeo Horikoshi
Auto Loans, Business Strategy

Michitada Negoro
Credit Screening and Operation

Review of Operations

Credit Business

The volume of new contracts grew in such categories as housing-related fields, personal computers, motorcycles, and auto loans.



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, household electrical appliances, and kimono. 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 increased, driven by robust performances in such categories as housing-related fields and personal computers, as well as a recovery in the volume of new contracts in such categories as motorcycles. In auto loans, the volume of new contracts grew, driven by a strong performance by dealerships specializing in used vehicles, as well as a recovery in the volume of new contracts for imported vehicles.

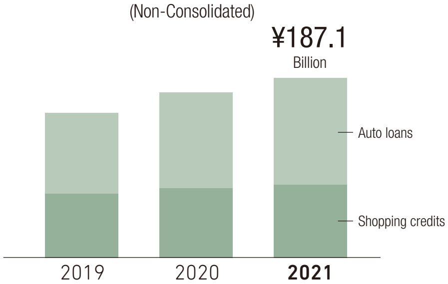
Operating revenue grew, reflecting an increase in the volume of new contracts for installment sales finance and the reversal of deferred installment income.

Strategy for the Fiscal Year Ending March 31, 2022

In shopping credits, we are aiming to expand our operating base and grow market share. In housing-related fields, by establishing new alliances with house manufacturers, builders, electric power companies, and trading companies, we are working to expand the volume of new contracts for housing- and environment-related product categories. In addition, through migration to Web-based services and the development of new schemes,

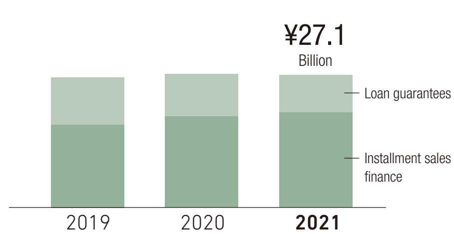
Balance of Deferred Installment Income

(Non-Consolidated)



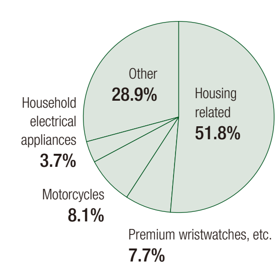
Operating Revenue in Shopping Credits

(Non-Consolidated)



Breakdown of the Volume of New Contracts among Major Business Categories in Shopping Credits

(Non-Consolidated)

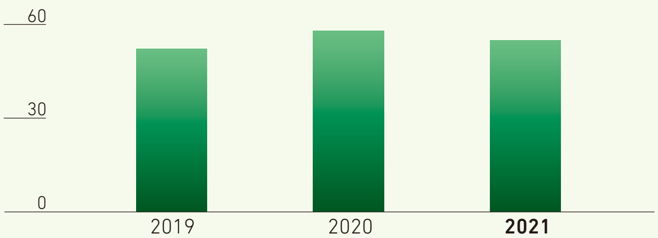


we aim to enhance our competitiveness and differentiation in the housing-related field, and thereby establish a firm position in the market. Furthermore, we aim to grow the volume of new contracts across a diverse range of business categories. In particular, we are focusing on such areas as demand stimulation and market expansion driven by the development and promotion of products that cater to needs generated by new lifestyles, and expansion of the volume of new contracts through the execution of a variety of marketing campaigns in such business categories as motorcycles, education, and medical fields.

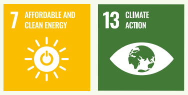
In auto loans, JACCS is aiming to grow its market share by strengthening its programs vis-à-vis importers and specialized used-vehicle dealerships. With regard to imported vehicles, JACCS will work in close collaboration with importers on marketing programs and finance creation, and strive to strengthen relationships through the provision of high-quality services. In the area of specialized used-vehicle dealerships, we aim to increase the volume of new contracts along with JACCS' share of in-store financing at large-scale nationwide dealerships and alliance partners. We also are working to expand the functionality and enhance the usability of Web-based products. In the auto leasing field, we are striving to expand the volume of new contracts by focusing on such areas as strengthening cooperation with importers and alliance partners, enhancing the functionality of our auto leasing system, and reinforcing the sales organization.

Volume of New Contracts for Solar Loans

(Billions of Yen)



ESG-Related Initiatives



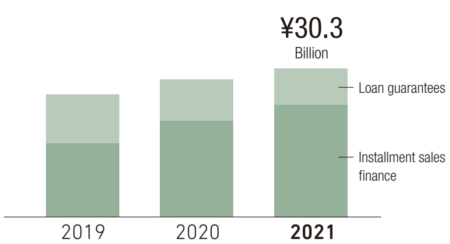
JACCS is contributing to the reduction of CO_2 emissions through loans for such items as electricity generation facilities based on renewable energy.

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. As one of the main 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 for solar loans. In the auto loan field, to contribute to the realization of a decarbonized society, JACCS has begun providing loans that support the widespread adoption of environment-friendly vehicles, such as EVs and 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 CO_2 emissions.

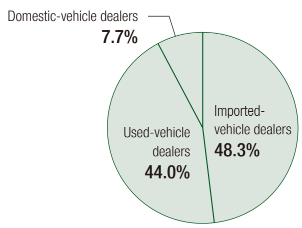
Operating Revenue in Auto Loans

(Non-Consolidated)



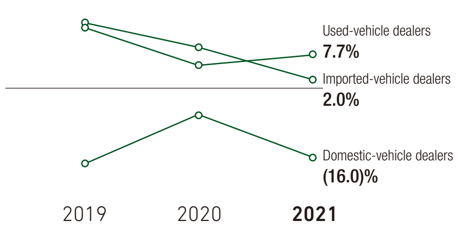
Breakdown of the Volume of New Contracts for Auto Loans by Sales Channel

(Non-Consolidated)



Year-on-Year Growth in the Volume of New Contracts for Auto Loans by Sales Channel

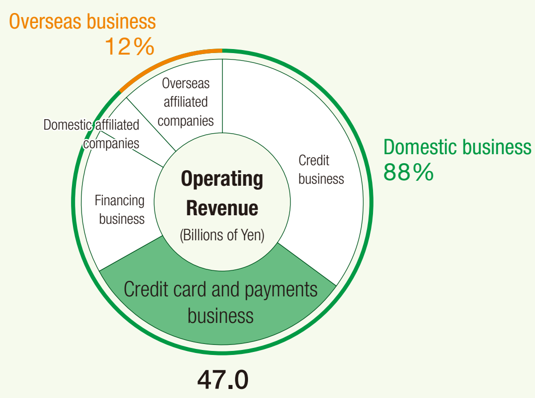
(Non-Consolidated)



Review of Operations

Credit Card and Payments Business

The volume of new contracts declined, reflecting the impact of the COVID-19 pandemic.



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

- Increased sophistication of customer contact points, growth in cashless payments
- 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 domestic QR code- and barcode-based payment platforms. As an independent credit card issuer not affiliated with any particular retail group, JACCS 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.

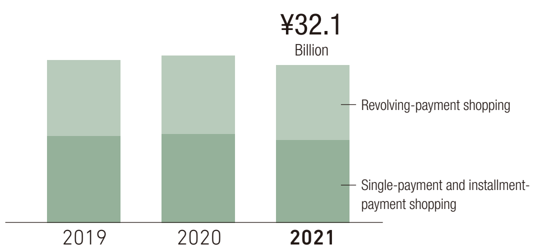
We are also promoting multi-payment services through cross-selling. This encompasses not only customers in the credit card and payments business but also in the credit business. Hence, we aim to generate synergies that go beyond growth in individual businesses.

Operating Performance (Non-Consolidated)

The number of new card members decreased substantially centering on in-store applications, reflecting the impact of the COVID-19 pandemic.

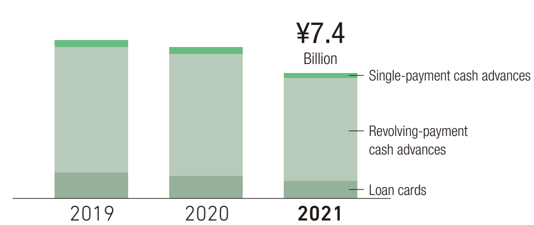
Operating Revenue in Credit Card Business for Shopping

(Non-Consolidated)



Operating Revenue in Cash Advances

(Non-Consolidated)



The number of active members declined, reflecting the impact of such factors as a decrease in existing cardholders, changes in consumption behavior, and people staying at home. In card shopping, the volume of new contracts decreased, reflecting such factors as declines in new and existing members, and a slump in personal consumption. Operating revenue decreased, reflecting such factors as the decline in volume of new contracts, and a lower balance of revolving-payment shopping. In cash advances, there was a significant decrease in the volume of new contracts, reflecting such factors as the decline in new and existing members, and a fall in demand for funds. Operating revenue was down owing to a decrease in the volume of new contracts and a decline in the balance of revolving-payment cash advances and loan cards.

In bill collection within the payments business, the number of invoices handled declined, and the volume of new contracts and operating revenue decreased, reflecting such factors as the voluntary restraint of business activities at alliance partners. In rent payment-related products, the overall volume of new contracts and operating revenue for rent guarantee operations, etc., both decreased. Within this, although a gradual recovery led to year-on-year growth, the overall fall was attributable to the transfer of a portion of products to a subsidiary.

Strategy for the Fiscal Year Ending March 31, 2022

We will work to strengthen the foundations of our business in the payments field to pave the way for growth. In the credit card field, we will pursue co-branded cards with a focus on profitability, while striving to re-expand the membership base through strengthened coordination between businesses. We will also work on bolstering the volume of new contracts through the promotion of alliances.

In the payments field, in addition to promoting a lineup of multi-payment services, we will work to migrate rent guarantee operations to Web-based products. We will also promote alliances with the aim of increasing our presence in such key business categories as education-related services.

ESG-Related Initiatives

10 REDUCED INEQUALITIES

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

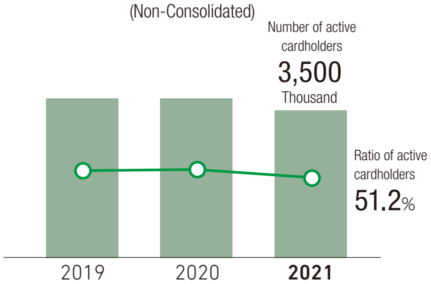
- Hakodate Card

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

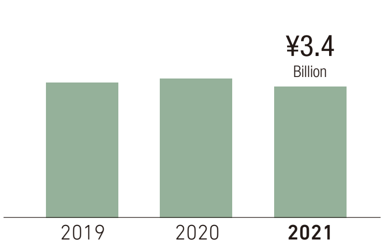
Efforts for Social Contributions

https://www.jaccs.co.jp/en/corporate/csr/social.html

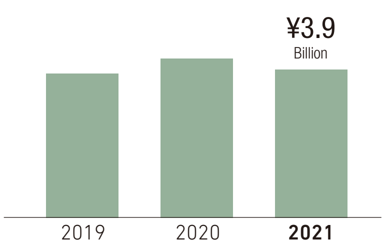
Number and Ratio of Active Cardholders



Revenue from Bill Collection Services



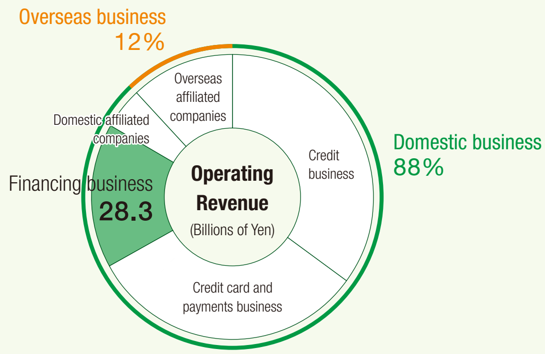
Revenue from Rent Guarantees



Review of Operations

Financing Business

The balance of housing loan guarantees steadily rose, while the balance of personal loan guarantees was flat owing to a fall in the volume of new contracts.



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

Personal loan guarantees:

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

Opportunities

Housing loan guarantees:

- Steady need for studio condominiums purchased for investment purposes as part of asset portfolio formation
- Low interest rate environment

Personal loan guarantees:

- Expansion of guarantee needs, underpinned by financial institutions' efforts to bolster their retail operations

Overview

The financing business provides credit guarantee services for housing loans and personal loans extended by financial institutions. Housing loan guarantee services specialize 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, despite a decline in the number of housing units handed over at alliance partners, the balance of loan guarantees and operating revenue both grew, driven by an expansion in market share. In personal loan guarantees for financial institutions, the volume of new contracts decreased, reflecting a slump in personal consumption. Despite this, operating revenue increased, underpinned by the effect of the acquisition of the credit guarantee business of JCB Co., Ltd.

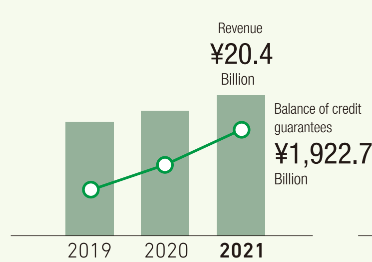
Strategy for the Fiscal Year Ending March 31, 2022

In housing loan guarantees, we will aim to grow earnings by strengthening the foundations of the business. To achieve this, we will focus on such aspects as product development, promotion of related businesses, and strengthening of collaboration with financial institutions, while at the same time pursuing increased computerization and greater operational efficiency. Furthermore, we will strive to reinforce member store supervision and the operational system.

In guarantees for personal loans extended by financial institutions, we will work to expand the business base and enhance profitability. To achieve business base expansion, we will strive to grow the volume of new contracts at MUFG Bank, while promoting schemes and product development that respond to the needs of financial institutions. In addition, through the pursuit of a strengthened operational system and enhanced operational efficiency, we will work to improve profitability.

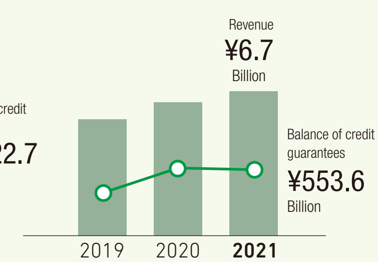
Revenue from and Balance of Guarantees for Housing Loans

(Non-Consolidated)



Revenue from and Balance of Guarantees for Personal Loans

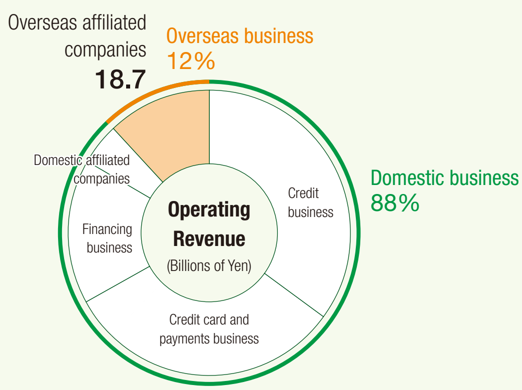
(Non-Consolidated)

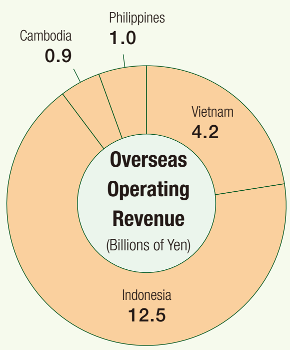


Review of Operations

Overseas Business

The impact of the COVID-19 pandemic led to an ordinary loss, reflecting increases in financial expenses and expenses related to doubtful accounts in Indonesia and the Philippines.





Strengths

- Business know-how cultivated in Japan over more than 65 years
- The MUFG Group
- A network of businesses in four overseas markets

Opportunities

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

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 auto loan operations. In Cambodia, JACCS established a wholly owned subsidiary in 2018, and began providing motorcycle loans.

Operating Performance (Non-Consolidated)

In Vietnam and Cambodia, the impact from the COVID-19 pandemic remained relatively slight, and the Group's businesses in these two countries achieved increases in revenue and income compared with the previous fiscal year. In contrast, in Indonesia and the Philippines, the volume of new contracts decreased significantly, reflecting a slowdown in economic activity and restrictions on people's movements. Overseas affiliated companies overall recorded an ordinary loss, owing to higher financial expenses and expenses related to doubtful accounts.

In Vietnam, although the mainstay product—motorcycle loans—suffered a decline owing to a slump in the motorcycle market, this was largely covered by increases in such products a personal loans and auto loans, meaning the overall year-on-year decrease in the volume of new contracts was limited to 1.9%. Operating revenue rose 17.0%, underpinned by a buildup in the balance of operating receivables. Ordinary income grew 33.0%, driven by successful efforts to curb financial expenses and SG&A expenses.

In Indonesia, owing to impact of the COVID-19 pandemic, such as a slowdown in economic activity and restrictions on people's movements, the motorcycle and automobile markets suffered slumps. Consequently, the volume of new contracts decreased 51.2% compared with the previous fiscal year, and operating revenue declined 11.3%. In addition, a sharp rise in financial expenses led to an ordinary loss. The was mainly attributable to the impact of depreciation of the Indonesian rupiah.

In Cambodia, the impact of the COVID-19 pandemic saw the volume of new contracts decrease 9.7% year on year. However, operating revenue increased 63.7%, underpinned by a buildup in the balance of operating receivables. As a result, ordinary income grew 39.3%.

In the Philippines, the impact of the COVID-19 pandemic, such as a slowdown in economic activity and restrictions on people's movements, led to a slump in the automobile market, and a 21.2% decline in the volume of new contracts compared with the previous fiscal year. However, operating revenue rose 90.6%, reflecting the conversion of JACCS FINANCE PHILIPPINES CORPORATION (JFP) into a consolidated subsidiary in July 2019. On the expense side, owing to the impact of the COVID-19 pandemic, expenses related to doubtful accounts increased, resulting in an ordinary loss for the second year running.

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

Strategy for the Fiscal Year Ending March 31, 2022

To achieve an early recovery from the impact of the COVID-19 pandemic, the Group is pursuing an expansion of its business base, and business structural reforms that will pave the way toward growth.

In Vietnam, in addition to our mainstay products—motorcycle loans, personal loans, and auto loans—we are working to grow the volume of new contracts by bolstering the product lineup. Furthermore, we are strengthening credit screening and receivables management with the aim of building up a portfolio of high-quality receivables, and striving to improve productivity through an overhaul of our operational system. These efforts are focused on reinforcing the business base and expanding profits.

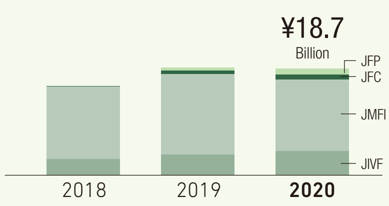
In Indonesia, we are developing our operational system with the aim of growing the volume of new contracts once the economy moves into recovery. We will also strive to curb expenses related to doubtful accounts by strengthening receivables management, including monitoring of members who have received a repayment moratorium. Furthermore, we will work to control financial expenses by using low-interest fundraising methods, such as loans from the parent company. These efforts are designed to improve profitability and achieve a recovery in operating performance.

In Cambodia, we are working to build our relationships with major motorcycle dealerships and expand geographic coverage as a means to growing the volume of new contracts. Furthermore, by strengthening the receivables management system and IT infrastructure, we aim to reinforce the business base. In addition, we are pursuing measures aimed at acquiring a superior license from the Cambodian central bank, which will enable us to expand our lineup of products.

In the Philippines, we are pursuing an overhaul of the business structure, centering on used vehicles. We are also working to strengthen receivables management through such measures as providing counseling for members whose payments are in arrears, which is aimed at improving profitability. In April 2021, JACCS carried out a capital increase at JFP, which will pave the way for future acceleration of the company's growth strategy, expansion of operations, and reinforcement of the financial base. We will also strive to strengthen management structures in relation to various regulatory requirements.

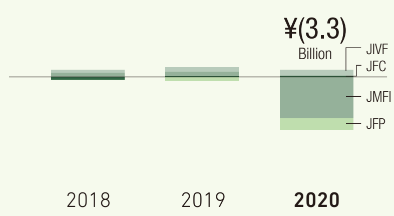
Operating Revenue at Overseas Affiliated Companies*1

(Years ended December 31)



Ordinary Income (Loss) at Overseas Affiliated Companies*2

(Years ended December 31)



JIVF: JACCS International Vietnam Finance Co., Ltd.

JMFI: PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA

JFC: JACCS FINANCE (CAMBODIA) PLC.

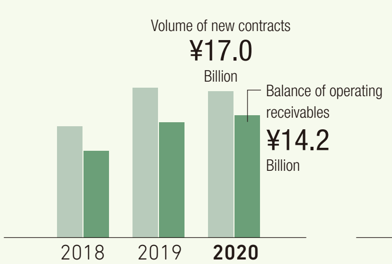
JFP: JACCS FINANCE PHILIPPINES CORPORATION

*1 JFP became a consolidated subsidiary from the third quarter of the fiscal year ended March 31, 2020.

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

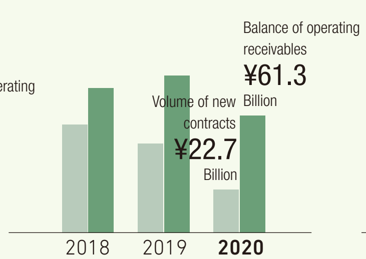
Volume of New Contracts and Balance of Operating Receivables in Vietnam

(Years ended December 31)



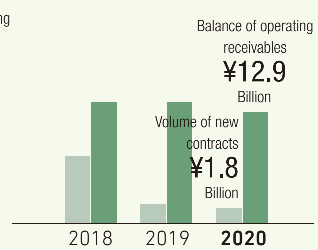
Volume of New Contracts and Balance of Operating Receivables in Indonesia

(Years ended December 31)



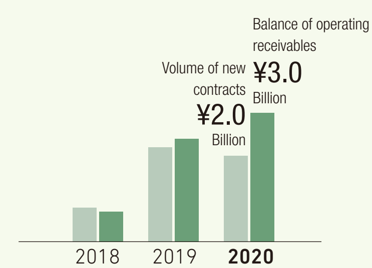
Volume of New Contracts and Balance of Operating Receivables in the Philippines

(Years ended December 31)



Volume of New Contracts and Balance of Operating Receivables in Cambodia

(Years ended December 31)



MANAGEMENT'S DISCUSSION AND ANALYSIS

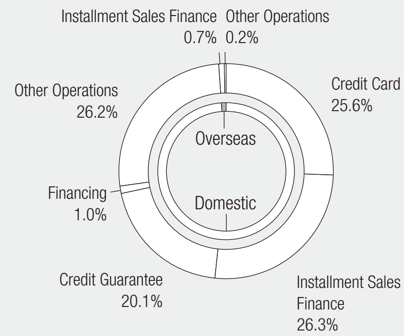
Analysis of Operating Performance

Overview

The fiscal year ended March 31, 2021, was the final year of the JACCS Group's 13th three-year medium-term business plan, "RAISE 2020," during which the Group worked toward the realization of its medium-term management vision of becoming "an innovative consumer finance company that wins the loyalty of customers, with operations focused on Japan and Southeast Asia," by steadily executing its management strategies. The plan was underpinned by the following three core policies: Pursue sustainable growth in domestic businesses; accelerate growth in overseas business; and enhance productivity while strengthening the Group's platform for growth.

In Japan, the credit business and housing loan guarantee operations within the financing business performed robustly, recording increases in the volume of new contracts. In contrast, the credit card and payments business faced difficult conditions owing to the impact of the COVID-19 pandemic. In particular, there was a slump in the number of new card members, and the volume of new contracts declined in card shopping and cash advances.

Composition of Total Volume of New Contracts (%)



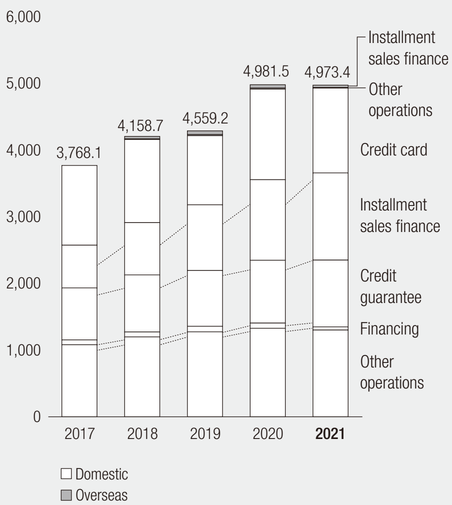
Volume of New Contracts Mapping Table (Non-Consolidated)

Business type	Main business	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				○	
	Bill collection services			○		○
	Rent guarantee services	○		○		
Financing Business	Housing loan guarantees			○		
	Personal loan guarantees for financial institutions			○		
	Other		○		○	

Operating Revenue Mapping Table (Non-Consolidated)

Business type	Main business	Credit Card	Installment Sales Finance	Credit Guarantee	Financing	Other Operating Revenue	Financial Revenue
Credit Business	Shopping credits		○	○			
	Auto loans		○	○			
Credit Card and Payments Business	Card shopping	○					
	Cash advances				○		
	Bill collection services			○		○	
	Rent guarantee services	○		○			
Financing Business	Housing loan guarantees			○			
	Personal loan guarantees for financial institutions			○			
	Other		○		○		
Financial Revenue							○

Total Volume of New Contracts*



* From the fiscal year ended March 31, 2019, the Company has changed its reportable segment classifications in order to present the domestic segment and the overseas segment separately. Consequently, in this report operating results for the fiscal year ended March 31, 2018, are presented based on recalculation according to this reportable segment classification.

Overseas, the Indonesian market suffered substantial impact from the COVID-19 pandemic. The implementation of lockdowns in urban areas, restrictions on people's movements, and other measures led to a significant fall in the volume of new contracts.

As a result, on a consolidated basis, the total volume of new contracts amounted to ¥4,973,421 million, a decrease of 0.2% compared with the previous fiscal year.

Total operating revenue grew 1.3%, to ¥160,650 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 addition, this result reflects the effect of the inclusion of the Group's affiliated company in the Philippines within the scope of consolidation in July 2019.

Results by Business

Domestic Business

• Credit Card

In card shopping, the volume of new contracts and operating revenue decreased. Although harsh conditions persisted owing to a slump in personal consumption, after entering the second half of the fiscal year signs of recovery began to emerge in certain business categories. However, owing to further declarations of a state of emergency, weakness spread across a broad array of business categories, centering on the service sector.

In rent payment-related operations, the volume of new contracts and operating revenue increased, driven by a recovery in new applications centering on major alliance partners.

As a result, on a consolidated basis, in the credit card business the volume of new contracts decreased 6.4% compared with the previous fiscal year, to ¥1,271,559 million, and operating revenue declined 5.6%, to ¥32,440 million.

• Installment Sales Finance

In shopping credits, the year saw significant changes in consumer behavior, driven by the impact of the COVID-19 pandemic. Housing-related fields—a core business category—performed strongly, and the Group also focused particular efforts on the medical field. The volume of new contracts for pet-related products grew, driven by the increased amount of time consumers spent at home. Motorcycles recorded year-on-year growth in the second half of the fiscal year. As a result, the volume of new contracts and operating revenue increased.

About the Five Business Categories

The four core businesses operated by JACCS that are introduced on pages 28–34 are classified according to the following five business categories for Japanese accounting and regulatory disclosure purposes.

Credit Card

JACCS receives credit card applications from consumers, and issues cards after conducting a credit check. Card members may purchase goods and services at member stores using their credit card, and may choose from either the monthly clearance of account payment option or revolving credit. JACCS settles the purchase amount with the member store on behalf of the cardholder, and collects payment from the card member in accordance with the credit card agreement. JACCS issues credit cards under its own brand as well as co-branded cards issued in cooperation with alliance partners.

Installment Sales Finance

When a consumer purchases goods or services at a JACCS member store, if they choose the installment payment option, JACCS runs a credit check and pays the member store on behalf of the customer if the credit check is approved. The amount owing is then collected from the customer by JACCS through monthly payments and other installment payment options.

In auto loans, against the backdrop of a gradual recovery trend in the imported-vehicle market, the Company implemented effective programs that were closely linked to the marketing strategies of each importer. In the used-vehicle market, as well as strengthening relationships with major dealerships, the Company worked to raise the base level of the volume of new contracts by executing a range of programs. Consequently, both the volume of new contracts and operating revenue increased compared with the previous fiscal year.

As a result, on a consolidated basis, the installment sales finance business recorded an 8.3% increase in the volume of new contracts, to ¥1,308,147 million. Operating revenue grew 12.8%, to ¥45,341 million.

• Credit Guarantee

In housing loan guarantees on condominiums for investment purposes, while the number of housing units handed over at alliance partners fell below the level of the previous fiscal year, JACCS expanded its market share of volume of new contracts by implementing a variety of marketing programs, and maintained a steady level of transactions. Consequently, the volume of new contracts and operating revenue increased compared with the previous fiscal year.

In personal loan guarantees for financial institutions, the volume of new contracts decreased, reflecting a slump in personal consumption. Operating revenue increased, underpinned by the balance of credit guarantees built up by JACCS to date, and the revenue contribution of the credit guarantee portfolio acquired from JCB Co., Ltd.

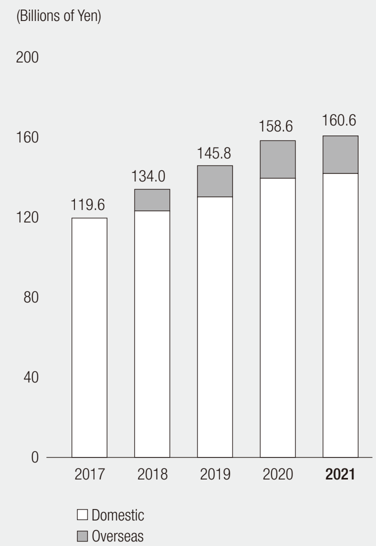
As a result, on a consolidated basis, the credit guarantee business recorded a 6.2% increase in the volume of new contracts, to ¥1,001,656 million. Operating revenue rose 0.9%, to ¥41,217 million.

• Financing

In financing, despite restarting promotional campaigns that had been voluntarily suspended, the volume of new contracts and operating revenue declined for cash advances and other financing, owing to a fall in demand for funds.

As a result, on a consolidated basis, the financing business recorded a 39.2% decrease in the volume of new contracts, to ¥47,627 million. Operating revenue was down 16.2%, to ¥7,933 million.

Total Operating Revenue*



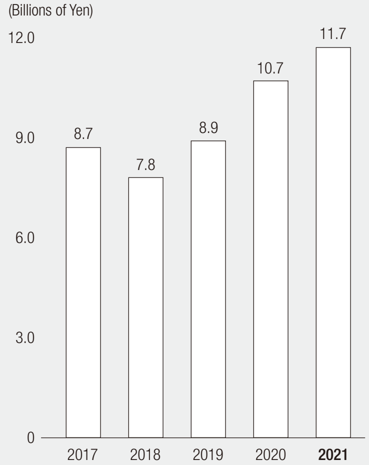
* From the fiscal year ended March 31, 2019, the Company has changed its reportable segment classifications in order to present the domestic segment and the overseas segment separately. Consequently, in this report operating results for the fiscal year ended March 31, 2018, are presented based on recalculation according to this reportable segment classification.

Credit Guarantee
When a consumer purchases real estate or an automobile and applies for a loan from a JACCS partner financial institution to cover the purchase, JACCS carries out a credit check and provides a guarantee of the debt to the partner financial institution. The main loan categories are condominiums for investment purposes, home renovation loans, and auto loans.

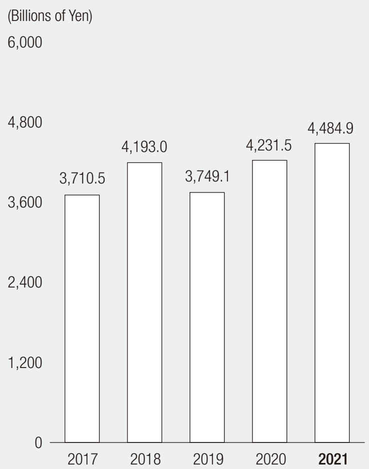
Financing
This segment mainly comprises cash advances made to credit card members. Cards issued by JACCS include credit cards and specialized cash advance cards.

Other Operations
Other operations include bill collection services on behalf of partner companies for regular-payment items collected via JACCS' account fund transfer network and leasing operations serving both corporate clients and individual customers.

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.

• Other Operations

In bill collection services, although the number of invoices handled from such partners as fitness clubs and schools gradually began to recover, the declaration of a state of emergency on two occasions had a significant impact, and the Company was unable to bring the business back to pre-COVID-19 levels. Consequently, the volume of new contracts and operating revenue decreased.

In leasing operations, although the volume of new contracts declined, operating revenue rose, underpinned by a buildup in the balance of lease investment assets.

As a result, on a consolidated basis, other operations posted a 1.9% decrease in the volume of new contracts, to ¥1,300,615 million. Operating revenue* increased 2.4%, to ¥14,964 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 0.3% compared with the previous fiscal year, to ¥4,929,607 million, and operating revenue grew 1.7%, to ¥141,897 million. Segment income amounted to ¥19,719 million, an increase of 22.6% compared with the previous fiscal year.

Overseas Business

• Installment Sales Finance

In Vietnam, in such business categories as automobiles and household appliances, JACCS executed a range of promotional programs with the objective of raising the base level of the volume of new contracts. However, owing to the impact of the COVID-19 pandemic, motorcycles—the Group’s core business category in Vietnam—suffered a slump, and the volume of new contracts declined. Operating revenue increased, underpinned by the balance of operating receivables built up to date.

In Indonesia and the Philippines, the impact of the pandemic was large, and the market stagnated due to repeated lockdowns and other measures. Consequently, the volume of new contracts and operating revenue decreased.

In Cambodia, against a backdrop of a gradual recovery in market conditions, the number of motorcycles handled began to return to previous levels. However, the volume of new contracts was unable to surpass the level reached in the previous fiscal year. Operating revenue increased, underpinned by the balance of operating receivables built up to date.

• Other Operations

In unsecured personal loan operations in Vietnam, the volume of new contracts and operating revenue increased, driven by the execution of a range of marketing programs. In credit card operations, although the volume of new contracts decreased, operating revenues grew, underpinned by the buildup of the balance of cash advances.

In lease operations carried out in Indonesia, the volume of new contracts and operating revenue decreased, reflecting a slump in the market.

As a result, in the overseas business segment as a whole, the volume of new contracts decreased 35.1% compared with the previous fiscal year, to ¥43,814 million, and operating revenue declined 0.5%, to ¥18,753 million. Segment loss amounted to ¥3,071 million, compared with segment income of ¥557 million in the previous fiscal year.

Volume of New Contracts by Business

Millions of Yen

Reportable segment	Business category	2021		2020		YoY change (%)
		Amount	Ratio	Amount	Ratio	
Domestic	Credit Card	¥1,271,559	25.8%	¥1,358,192	27.6%	(6.4)%
	Installment Sales Finance	1,308,147	26.5%	1,208,440	24.6%	8.3%
	Credit Guarantee	1,001,656	20.3%	942,765	19.2%	6.2%
	Financing	47,627	1.0%	78,333	1.6%	(39.2)%
	Other Operations	1,300,615	26.4%	1,326,275	27.0%	(1.9)%
	Total	¥4,929,607	100.0%	¥4,914,008	100.0%	0.3%
Overseas	Installment Sales Finance	¥ 33,608	76.7%	¥ 50,628	75.0%	(33.6)%
	Other	10,205	23.3%	16,870	25.0%	(39.5)%
	Total	¥ 43,814	100.0%	¥ 67,499	100.0%	(35.1)%
Total		¥4,973,421	—	¥4,981,508	—	(0.2)%

Operating Revenue by Business

Millions of Yen

Reportable segment	Business category	2021		2020		YoY change (%)
		Amount	Ratio	Amount	Ratio	
Domestic	Credit Card	¥ 32,440	22.9%	¥ 34,367	24.6%	(5.6)%
	Installment Sales Finance	45,341	31.9%	40,213	28.8%	12.8%
	Credit Guarantee	41,217	29.0%	40,850	29.3%	0.9%
	Financing	7,933	5.6%	9,470	6.8%	(16.2)%
	Other Operations	14,442	10.2%	14,114	10.1%	2.3%
	Financial Revenue	522	0.4%	497	0.4%	5.0%
	Total	¥141,897	100.0%	¥139,513	100.0%	1.7%
Overseas	Installment Sales Finance	¥ 12,908	68.8%	¥ 13,759	73.0%	(6.2)%
	Other	5,844	31.2%	5,081	27.0%	15.0%
	Total	¥ 18,753	100.0%	¥ 18,841	100.0%	(0.5)%
Total		¥160,650	—	¥158,354	—	1.4%

Notes: 1. Figures have been adjusted for the elimination of inter-segment transactions.
2. The breakdown of main items within operating revenue is as follows.
Revenue from credit card business: Customer fees and member store fees
Revenue from installment sales finance: Customer fees and member store fees
Revenue from credit guarantee: Guarantee fees and administrative fees
Financing revenue: Interest

Segment Income (Loss)

Reportable segment	Millions of Yen 2021 Domestic	2021 Overseas	2020 Domestic	2020 Overseas
Operating income (loss)	¥19,719	¥(3,071)	¥16,086	¥573
Equity in earnings (losses) of affiliated companies	—	—	—	(16)
Total	¥19,719	¥(3,071)	¥16,086	¥557

Operating Expenses and Net Income Attributable to Owners of the Parent

Total operating expenses increased 1.6%, compared with the previous fiscal year, to ¥144,324 million. In the domestic business, the Group worked to reduce promotional expenses and credit card-related expenses through voluntary curbs on business activities in response to the impact of the COVID-19 pandemic. The Group also implemented efforts aimed at restraining an increase in the balance of receivables in arrears. However, in the overseas business, financial expenses increased owing to depreciation of the Indonesian rupiah, and expenses related to doubtful accounts rose.

Ordinary income declined 1.2% compared with the previous fiscal year, to ¥16,506 million.

Net income attributable to owners of the parent increased 9.7% compared with the previous fiscal year, to ¥11,778 million. This reflects the deduction of net loss attributable to non-controlling interests amounting to ¥1.0 billion.

Net income per share (basic) amounted to ¥340.69, compared with ¥311.65 in the previous fiscal year. The Company implemented cash dividends totaling ¥105.00 per share applicable to the fiscal year under review, an increase of ¥10.00 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 ¥2,295,677 million. The Company works to reduce its fund procurement costs while procuring approximately 60% 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, 2021), 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, 2021, amounted to ¥4,484,954 million, an increase of ¥253,364 million, or 6.0%, compared with the previous fiscal year-end.

Total current assets increased ¥245,100 million, to ¥4,395,613 million. This was attributable to increases in such items as finance receivable-installment, finance receivable-installment sales-credit guarantee, and cash and deposits.

Total noncurrent assets increased ¥8,263 million compared with the previous fiscal year-end, to ¥89,341 million. This reflected increases in investment securities, assets for retirement benefits, and software.

Total current liabilities at March 31, 2021, amounted to ¥3,080,342 million, an increase of ¥159,956 million compared with the previous fiscal year-end. This reflected increases in current portion of long-term loans payable, finance payable-credit guarantee, notes and accounts payable, and deferred income on finance receivables.

Total noncurrent liabilities at fiscal year-end increased ¥82,145 million, to ¥1,230,459 million. This reflected increases in such items as loans payable under securitization of receivables.

Total net assets increased ¥11,262 million, to ¥174,152 million. This reflected increases in such items as retained earnings and unrealized gains on available-for-sale securities. The equity ratio increased 0.1 percentage point, to 3.8%. Net assets per share amounted to ¥4,910.76 at fiscal year-end, compared with ¥4,543.94 at the previous fiscal year-end.

Cash Flows

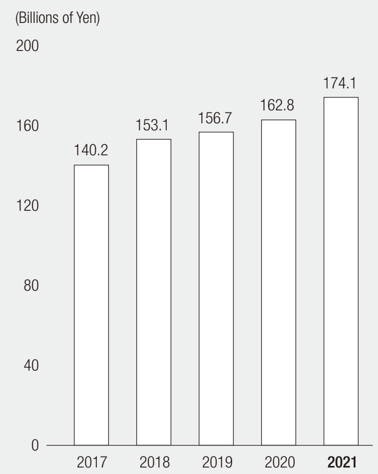
Cash and cash equivalents at end of year totaled ¥112,153 million, an increase of ¥14,725 million compared with the previous fiscal year-end.

Net cash used in operating activities amounted to ¥141,114 million, compared with ¥308,473 million used in the previous fiscal year. Significant items included increase in finance and accounts payable of ¥59,235 million, income before income taxes of ¥16,275 million, increase in deferred income on finance receivables of ¥12,436 million, and increase in finance receivable of ¥239,911 million.

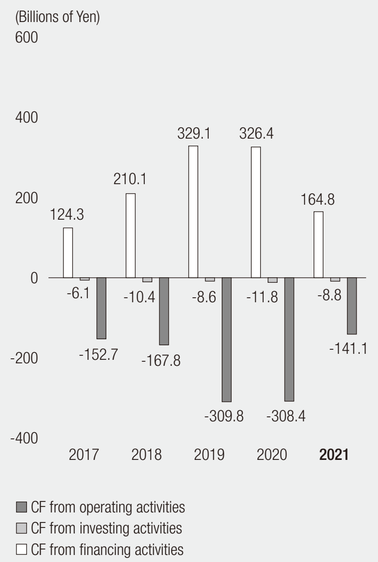
Net cash used in investing activities amounted to ¥8,816 million, compared with ¥11,871 million used in the previous fiscal year. Significant items included purchase of property, plant and equipment and intangible assets of ¥9,597 million.

Net cash provided by financing activities amounted to ¥164,868 million, compared with ¥326,484 million provided in the previous fiscal year. Significant items included proceeds from loans payable under securitization of receivables of ¥256,771 million, proceeds from long-term loans payable of ¥140,394 million, proceeds from issuance of bonds of ¥35,000 million, repayment of loans payable under securitization of receivables of ¥127,082 million, repayment of long-term loans payable of ¥112,431 million, and redemption of bonds of ¥30,000 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	
	2020	2021
ASSETS		
Current assets:		
Cash and deposits	¥ 97,466	¥ 112,241
Finance receivable-installment(*1, *2)	2,377,220	2,562,204
Finance receivable-installment sales-credit guarantee	1,488,008	1,527,300
Lease investment assets(*1)	131,636	139,990
Prepaid expenses	3,236	4,042
Advances paid	35,160	29,019
Other receivable	24,815	24,404
Other	17,953	25,524
Allowance for doubtful accounts	(24,987)	(29,116)
Total current assets	4,150,512	4,395,613
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	8,663	8,881
Accumulated depreciation	(5,660)	(5,815)
Buildings and structures, net	3,002	3,066
Land	14,986	14,986
Other	10,588	11,590
Accumulated depreciation	(5,207)	(5,568)
Other, net	5,381	6,021
Total property, plant and equipment	23,370	24,073
Intangible assets:		
Goodwill	1,551	785
Software	25,583	26,523
Other	15	14
Total intangible assets	27,150	27,323
Investments and other assets:		
Investment securities	13,715	18,218
Bad debts	1,339	1,254
Long-term prepaid expenses	3,180	3,646
Deferred tax assets	4,763	4,459
Guarantee deposits	1,546	1,496
Assets for retirement benefits	4,062	7,008
Other	2,828	2,655
Allowance for doubtful accounts	(879)	(795)
Total investments and other assets	30,557	37,944
Total noncurrent assets	81,078	89,341
Total assets	¥4,231,590	¥4,484,954

The accompanying notes are an integral part of these statements.

As of March 31	Millions of Yen	
	2020	2021
LIABILITIES		
Current liabilities:		
Notes and accounts payable	¥ 152,225	¥ 171,981
Finance payable-credit guarantee	1,488,008	1,527,300
Short-term loans payable(*1)	320,451	322,802
Current portion of bonds payable	30,000	20,000
Current portion of long-term loans payable(*1)	110,293	164,904
Current portion of loans payable under securitization of receivables(*1)	104,278	138,650
Commercial papers	422,000	424,500
Other payable	4,088	3,857
Accrued expenses(*1)	2,055	1,895
Income taxes payable	4,016	5,085
Deposits received	70,909	71,091
Unearned revenue	512	469
Allowance for bonuses	2,675	2,897
Allowance for credit card point programs	3,260	2,794
Allowance for loss on guarantees(*3)	706	833
Deferred income on finance receivables(*4)	182,760	194,175
Other	22,142	27,103
Total current liabilities	2,920,385	3,080,342
Noncurrent liabilities:		
Bonds payable(*1)	202,318	216,892
Long-term loans payable(*1)	746,921	718,327
Loans payable under securitization of receivables(*1)	194,284	289,601
Allowance for directors' retirement benefits	3	4
Allowance for loss on interest repayment	633	613
Liabilities for retirement benefits	57	20
Long-term guarantee deposited	2,203	2,286
Other	1,892	2,714
Total noncurrent liabilities	1,148,314	1,230,459
Total liabilities	4,068,700	4,310,802
NET ASSETS		
Shareholders' equity:		
Capital stock	16,138	16,138
Capital surplus	30,533	30,515
Retained earnings	109,843	118,531
Treasury stock	(1,307)	(1,096)
Total shareholders' equity	155,207	164,088
Accumulated other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	3,898	7,347
Deferred gains (losses) on hedges	(285)	(984)
Foreign currency translation adjustment	(853)	(1,794)
Remeasurements of defined benefit plans	(1,162)	1,242
Total accumulated other comprehensive income	1,596	5,811
Subscription rights to shares	263	244
Non-controlling interests	5,822	4,007
Total net assets	162,889	174,152
Total liabilities and net assets	¥4,231,590	¥4,484,954

CONSOLIDATED STATEMENTS OF INCOME

JACCS CO., LTD. and Consolidated Subsidiaries

Years ended March 31	Millions of Yen	
	2020	2021
Operating revenue:		
Revenue from credit card business	¥ 34,367	¥ 32,440
Revenue from installment sales finance business	53,972	58,249
Revenue from credit guarantee	40,850	41,217
Financing revenue	11,281	10,330
Other operating revenue	17,305	17,789
Financial revenue:		
Interest income	92	121
Dividends income	484	501
Other financial revenue	256	—
Total financial revenue	832	622
Total operating revenue	158,610	160,650
Operating expenses:		
Selling, general and administrative expenses(*2)	127,491	127,475
Financial expenses:		
Interest on loans	11,505	11,627
Interest on commercial papers	254	429
Other financial expenses	2,852	4,791
Total financial expenses	14,612	16,848
Total operating expenses	142,104	144,324
Operating income	16,506	16,326
Non-operating income:		
Miscellaneous income	217	191
Total non-operating income	217	191
Non-operating expenses:		
Equity in loss of affiliated company	16	—
Miscellaneous loss	6	11
Total non-operating expenses	22	11
Ordinary income	16,700	16,506
Extraordinary income:		
Gain on sales of noncurrent assets	7	—
Gain on sales of investment securities	357	243
Total extraordinary income	364	243
Extraordinary losses:		
Loss on retirement of noncurrent assets(*3)	89	89
Loss on sales of investment securities	32	30
Loss on valuation of investment securities	268	6
Loss on step acquisition	100	—
Impairment loss(*4)	167	348
Total extraordinary losses	658	474
Income before income taxes	16,406	16,275
Income taxes-current	6,209	7,539
Income taxes-deferred	(570)	(1,952)
Total income taxes	5,639	5,587
Net income	10,766	10,688
Net income (loss) attributable to non-controlling interests	33	(1,090)
Net income attributable to owners of the parent	¥ 10,732	¥ 11,778

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

JACCS CO., LTD. and Consolidated Subsidiaries

Years ended March 31	Millions of Yen	
	2020	2021
Net income	¥10,766	¥10,688
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	(1,396)	3,449
Deferred gains (losses) on hedges	(553)	(761)
Foreign currency translation adjustment	360	(1,291)
Remeasurements of defined benefit plans, net of tax	(701)	2,423
Share of other comprehensive income of affiliated company accounted for using equity method	51	—
Total other comprehensive income[*1]	(2,239)	3,820
Comprehensive income	¥ 8,527	¥14,508
Comprehensive income attributable to:		
Owners of the parent	¥ 8,580	¥16,269
Non-controlling interests	(53)	(1,761)

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

JACCS CO., LTD. and Consolidated Subsidiaries

	Millions of Yen				
	Shareholders' equity				
Year ended March 31, 2020	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at beginning of year	¥16,138	¥30,543	¥102,047	¥(1,643)	¥147,086
Cumulative effects of changes in accounting policies					—
Restated balance	16,138	30,543	102,047	(1,643)	147,086
Changes during year					
Dividends from surplus			(2,937)		(2,937)
Net income attributable to owners of the parent			10,732		10,732
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		(10)		338	327
Net changes of items other than shareholders' equity					
Total changes during year	—	(10)	7,795	336	8,121
Balance as of March 31, 2020	¥16,138	¥30,533	¥109,843	¥(1,307)	¥155,207

	Millions of Yen							
	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
Year ended March 31, 2020	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total			
Balance at beginning of year	¥5,295	¥ 46	¥(1,115)	¥ (477)	¥3,748	¥275	¥5,627	¥156,738
Cumulative effects of changes in accounting policies								—
Restated balance	5,295	46	(1,115)	(477)	3,748	275	5,627	156,738
Changes during year								
Dividends from surplus								(2,937)
Net income attributable to owners of the parent								10,732
Purchase of treasury stock								(1)
Disposal of treasury stock								327
Net changes of items other than shareholders' equity	(1,396)	(331)	261	(685)	(2,152)	(12)	194	(1,970)
Total changes during year	(1,396)	(331)	261	(685)	(2,152)	(12)	194	6,151
Balance as of March 31, 2020	¥3,898	¥(285)	¥ (853)	¥(1,162)	¥1,596	¥263	¥5,822	¥162,889

	Millions of Yen				
	Shareholders' equity				
Year ended March 31, 2021	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

	Millions of Yen							
	Accumulated other comprehensive income							
Year ended March 31, 2021	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total	Subscription rights to shares	Non-controlling interests	Total net assets
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

CONSOLIDATED STATEMENTS OF CASH FLOWS

JACCS CO., LTD. and Consolidated Subsidiaries

Years ended March 31	Millions of Yen	
	2020	2021
Cash flows from operating activities:		
Income before income taxes	¥ 16,406	¥ 16,275
Depreciation and amortization	9,126	9,501
Amortization of goodwill	349	450
Increase (decrease) in allowance for doubtful accounts	3,660	4,243
Increase (decrease) in allowance for loss on guarantees	207	127
Increase (decrease) in allowance for bonuses	(80)	223
Increase (decrease) in allowance for credit card point programs	(183)	(465)
Decrease (increase) in asset for retirement benefits	(50)	477
Increase (decrease) in liabilities for retirement benefits	(39)	(34)
Increase (decrease) in allowance for loss on interest repayment	(242)	(19)
Interest and dividends income	(576)	(622)
Interest expenses	12,721	12,892
Foreign exchange losses (gains)	(256)	2,913
Loss (gain) on sales of property, plant and equipment and intangible assets	(7)	—
Loss on retirement of property, plant and equipment and intangible assets	89	89
Loss (gain) on sales of investment securities	(324)	(213)
Loss (gain) on valuation of investment securities	268	6
Impairment loss	167	348
Equity in loss (income) of affiliated company	16	—
Loss (gain) on step acquisition	100	—
Decrease (increase) in finance receivable	(451,010)	(239,911)
Decrease (increase) in other receivable	(877)	378
Increase (decrease) in finance and accounts payable	105,872	59,235
Increase (decrease) in deferred income on finance receivables	20,257	12,436
Decrease (increase) in other assets	(13,348)	(6,813)
Increase (decrease) in other liabilities	5,431	5,681
Subtotal	(292,320)	(122,798)
Interest and dividends income received	537	611
Interest expenses paid	(11,898)	(12,365)
Income taxes paid	(4,791)	(6,561)
Net cash provided by (used in) operating activities	(308,473)	(141,114)
Cash flows from investing activities:		
Payments into time deposits	—	(53)
Purchase of property, plant and equipment and intangible assets	(11,427)	(9,597)
Proceeds from sales of property, plant and equipment and intangible assets	10	3
Proceeds from sales of investment securities	640	548
Payments for guarantee deposits	(330)	(192)
Proceeds from collection of guarantee deposits	408	470
Payments of loans receivable	(18)	(15)
Collection of loans receivable	11	20
Payment (net) for acquisition of business[*2]	(1,099)	—
Payment (net) for acquisition of shares of subsidiary resulting in change in scope of consolidation[*3]	(66)	—
Net cash provided by (used in) investing activities	(11,871)	(8,816)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	12,301	2,828
Net increase (decrease) in commercial papers	6,000	2,500
Proceeds from long-term loans payable	274,768	140,394
Repayment of long-term loans payable	(178,126)	(112,431)
Proceeds from issuance of bonds	67,431	35,000
Redemption of bonds	(12,335)	(30,000)
Proceeds from loans payable under securitization of receivables	235,185	256,771
Repayment of loans payable under securitization of receivables	(76,116)	(127,082)
Proceeds from sales of treasury stock	315	177
Purchase of treasury stock	(1)	(3)
Cash dividends paid	(2,937)	(3,285)
Net cash provided by (used in) financing activities	326,484	164,868
Effect of exchange rate change on cash and cash equivalents	224	(212)
Net increase (decrease) in cash and cash equivalents	6,364	14,725
Cash and cash equivalents at beginning of year	91,064	97,428
Cash and cash equivalents at end of year[*1]	¥ 97,428	¥ 112,153

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

(2) Name of non-consolidated subsidiary

Not applicable as of March 31, 2021

2. Application of the equity method

(1) Number of equity-method affiliates

Not applicable as of March 31, 2021

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

Not applicable as of March 31, 2021

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. Available-for-sale securities with fair market value readily available

Stated at fair market value as of the balance sheet date. 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. Available-for-sale securities without fair market value readily available

Stated 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 as 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 is expected to be used in the future as of the balance sheet date.

(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 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) Recognition of major operating revenues

(i) Revenue from individual customers

Revenue from individual customers is mainly recognized at the time of payment due date by the following method:

a. Revenue from credit card business:
Remaining debt balance method

b. Revenue from installment sales finance business:
Remaining debt balance method

c. Revenue from credit guarantee:
Remaining debt balance method (in some cases, at the time of concluding the guarantee contract)

d. Financing revenue:
Remaining debt balance method

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) Commission from member stores

Commission from member stores is recognized mainly at the time of execution of new contracts.

(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 treatments are accounted for according to the exceptional treatments.

(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 treatments, 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 are excluded from each transaction amount. Consumption taxes paid at acquisition of noncurrent assets, which are not deducted on 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 service 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 service by the Company are only disclosed in Notes - Consolidated Balance Sheets, *3 Contingent liabilities.

(ii) Recognition of operating revenue under installment plan

Operating revenue under installment plan is primarily recognized as installment payments become due as described in 4. Accounting policies, 5. Recognition of major operating revenues. Operating revenue attributable to installment payments that have not yet become due is recognized as deferred income on finance receivables within current liabilities in the consolidated balance sheets.

(iii) Presentation method of financial revenue and financial expenses

Because the nature of financial revenue and financial expenses are 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

Allowance for doubtful accounts ¥29,911 million

It consists of allowance for doubtful accounts for the domestic segment of ¥25,205 million, and allowance for doubtful accounts for the overseas segment of ¥4,705 million.

(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 with the amount deemed necessary based on future unrecoverable amount estimated with consideration for the overdue period (period elapsed from the due date), customer's ability to pay and other factors. For other receivables, allowance for doubtful accounts is recognized with 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 would continue in the future and considering the risk of collection of some overdue receivables. With regard to the novel coronavirus disease (COVID-19), the Company is assuming that its impact is limited for the domestic segment as economic measures and financial support programs have been implemented by the national government and local public bodies. Regarding the overseas segment, the Company considers it possible that the past due status of receivables, etc. may continue to be impacted for a certain period of time including the fiscal year ending December 31, 2021, despite the government's programs including 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 continues longer than expected, additional allowance for doubtful accounts or bad debt expenses may be recognized.

Notes - Changes in Accounting Policies

The following accounting standards based on the International Financial Reporting Standards are applied for a certain overseas consolidated subsidiary from the beginning of the current fiscal year. With regard to the application of these accounting standards, the Company adopts a method in which cumulative effect of applying the standards is recognized on the date of initial application in accordance with the transitional treatment.

• "Financial Instruments"

This standard introduces new requirements relating to classification and measurement of financial instruments, impairment accounting and hedge accounting. As a result, at the beginning of the current fiscal year, allowance for doubtful accounts and retained earnings increased by ¥170 million and ¥195 million, respectively, while deferred gains (losses) on hedges decreased by ¥241 million.

Income before income taxes for the current fiscal year increased by ¥564 million compared to the previous accounting treatment.

• "Leases"

In principle, this standard requires a lessee to recognize all leases as assets and liabilities on the consolidated balance sheets. As a result, other in property, plant and equipment and other in noncurrent liabilities increased by ¥225 million, respectively, as of the beginning of the current fiscal year.

The impact of the application of this accounting standard on profit and loss for the current fiscal year is insignificant.

Notes - Accounting Standards Issued but Not Yet Adopted

• Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)
• Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021)
• Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

(1) Outline

The International Accounting Standards Board (IASB) and the United States Financial Accounting Standards Board (FASB) initiated a joint project to develop a comprehensive accounting standard for revenue recognition. In May 2014, the Boards published "Revenue from Contracts with Customers" (IFRS 15 for the

IASB; Accounting Standards Codification (ASC) Topic 606 for the FASB). IFRS 15 is effective from fiscal years beginning on or after January 1, 2018, and ASC Topic 606 is applied from fiscal years beginning after December 15, 2017. In response to these developments, the Accounting Standards Board of Japan (ASBJ) developed a comprehensive accounting standard relating to revenue recognition and released this standard together with implementation guidance.

The ASBJ's basic policy for the development of an accounting standard relating to revenue recognition was to establish the accounting standard with the fundamental principles of IFRS 15 used as a starting point from the perspective of comparability between financial statements, which is one of the benefits of having consistency with IFRS 15. In the case that considerations are required for conventional practices in Japan, the ASBJ determined that alternative treatments may be added to the extent that such additions do not impair comparability.

(2) Planned date of adoption

The Company plans to adopt the Accounting Standard and related implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the adoption of the accounting standard and implementation guidance

The amount of impact on the consolidated financial statements of applying the Accounting Standard for Revenue Recognition and its related guidance is currently under evaluation.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

(1) Outline

The International Accounting Standards Board (IASB) and the United States Financial Accounting Standards Board (FASB) have established very similar detailed guidance regarding fair value measurement (IFRS 13 for the IASB; ASC Topic 820 for the FASB). In response to these developments, the Accounting Standard for Fair Value Measurement, along with other related accounting standards and implementation guidances, was released as a result of the ASBJ's initiative to achieve consistency between Japanese and internationally recognized accounting standards mainly for guidance and disclosures on fair value of financial instruments.

The ASBJ's basic policy for the development of accounting standards relating to fair value measurement was to adopt basically all requirements of IFRS 13 from the perspective of enhancing the comparability between financial statements published by domestic and overseas companies through the use of uniform measurement approach. In addition, having taken conventional practices in Japan into consideration, the ASBJ decided to establish alternative accounting treatment for particular items to an extent that does not significantly impair the comparability of financial statements.

(2) Planned date of adoption

The Company plans to adopt these accounting standards and implementation guidances from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the adoption of the accounting standards and implementation guidances

The amount of impact on the consolidated financial statements of applying the Accounting Standard for Fair Value Measurement and related standards and guidances is undetermined at the present time.

Notes - Change in Presentation Method

- Application of the Accounting Standard for Disclosure of Accounting Estimates

The Company has applied the Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) to the consolidated financial statements at the end of the current fiscal year, and therefore significant accounting estimates are disclosed in the note to the consolidated financial statements.

The note does not include information for the prior fiscal year in accordance with the transitional provision set out in paragraph 11 of the Accounting Standard.

Notes - Additional Information

- Transactions granting the Company's stock to employees, etc., through trusts

1. Overview of transactions

On August 3, 2018, the Board of Directors passed a resolution for the reintroduction of an employee incentive plan, or "employee stock ownership plan (ESOP) trust account," with the objective of raising the Company's medium- to long-term corporate value.

Under this plan, the Company established a trust, which had as its beneficiaries members of the JACCS Co., Ltd. Employee Stock Ownership Association (JESOA) who satisfied a set of specific conditions. This trust made a block purchase during the predetermined acquisition period, to acquire the number of the Company's shares that were expected to be purchased by JESOA over the ensuing three-year period. Subsequently, the trust carried out sales of shares of the Company to JESOA on a predetermined date each month.

The trust was terminated in July 2020.

2. Residual treasury stock held by the trust

Shares of the Company residually held by the trust are recognized as treasury stock under net assets in the consolidated balance sheets. These shares are recognized at the book value recorded by the trust (excluding incidental expenses). As of March 31, 2020, the book value of this treasury stock was ¥148 million and the number of shares was 62 thousand shares. No shares of the Company were held by the trust as of March 31, 2021.

3. Book value of loans payable of the trust recognized using the gross recognition method

Balance as of March 31, 2020: ¥300 million

Balance as of March 31, 2021: ¥0 (zero)

• Application of the Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections

The Company has applied the Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (ASBJ Statement No. 24, March 31, 2020) to the consolidated financial statements at the end of the current fiscal year, and accordingly disclosed information about “accounting policies and procedures adopted in the absence of requirements in relevant accounting standards, etc. that specifically apply.

Notes - Consolidated Balance Sheets

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

	Millions of Yen	
	2020	2021
(1) Assets pledged as collateral:		
Finance receivable-installment	¥381,655	¥475,977
Lease investment assets	13,228	15,582
Total	¥394,883	¥491,559
(2) Debt secured by the above collateral:		
Short-term loans payable	¥ 6,800	¥ 5,166
Current portion of long-term loans payable	31,335	25,898
Current portion of loans payable under securitization of receivables	104,278	138,650
Accrued expenses	427	272
Bonds payable	7,482	4,818
Long-term loans payable	50,733	26,497
Loans payable under securitization of receivables	194,284	289,601
Total	¥395,341	¥490,905

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, ¥298,563 million and ¥428,252 million are included within the balance of finance receivable-installment in current assets, ¥104,278 million and ¥138,650 million are included within the balance of current portion of loans payable under securitization of receivables in current liabilities, and ¥194,284 million and ¥289,601 million are included within the balance of loans payable under securitization of receivables in noncurrent liabilities as of March 31, 2020 and March 31, 2021, respectively.

*2. Finance receivable-installment

	Millions of Yen	
	2020	2021
Credit card business	¥ 197,397	¥ 186,483
Installment sales finance business	1,950,488	2,164,085
Financing	215,541	199,215
Other	13,793	12,420
Total	¥2,377,220	¥2,562,204

*3. Contingent liabilities

(1) Guarantee obligations

	Millions of Yen	
	2020	2021
Loans to individuals held by financial institutions	¥1,310,415	¥1,577,753
Allowance for loss on guarantees	706	833
Net amount at the end of fiscal years	¥1,309,709	¥1,576,919

(2) Commitment to guarantee

The Company has executed contracts for commitment to guarantee, in relation to loans (housing loans to individuals, card loans, etc.) which 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	
	2020	2021
Guarantee companies	¥228,085	¥237,386

*4. Deferred income on finance receivables

	Millions of Yen							
	2020				2021			
	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 card business	¥ 722	¥ 34,348	¥ 34,367	¥ 702	¥ 702	¥ 32,342	¥ 32,440	¥ 604
Installment sales finance business	118,897	81,698	53,972	146,622	146,622	75,317	58,249	163,690
Credit guarantee	42,094	34,186	40,850	35,431	35,431	35,662	41,217	29,875
Financing	382	10,899	11,281	0	0	10,330	10,330	0
Other	0	17,308	17,305	3	3	17,790	17,789	4
Total	¥162,097	¥178,441	¥157,778	¥182,760	¥182,760	¥171,443	¥160,028	¥194,175

*5. 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	
	2020	2021
Total loan commitments	¥1,179,637	¥1,147,971
Executed loans	50,765	40,911
Balance	¥1,128,871	¥1,107,060

Notes - Consolidated Statements of Income

*1. Volume of new contracts by business on a consolidated basis

	Millions of yen	
	2020	2021
Credit card business	¥1,358,230	¥1,271,609
Installment sales finance business	1,259,068	1,341,756
Credit guarantee	942,765	1,001,656
Financing	85,292	54,870
Other	1,336,149	1,303,528
Total	¥4,981,508	¥4,973,421
Note: Year-end balance of credit guarantee for line of credit	55,648	50,934

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

	Millions of yen)	
	2020	2021
Advertising expenses	¥ 4,450	¥ 3,671
Provision of allowance for doubtful accounts	25,871	25,420
Provision of allowance for loss on guarantees	706	763
Employees' salaries	20,397	20,379
Provision of allowance for bonuses	2,641	2,857
Provision of allowance for credit card point programs	5,837	4,823
Provision of allowance for loss on interest repayment	—	224
Welfare expenses	3,614	3,781
Retirement benefit expenses	1,631	2,124
Communication expenses	3,575	3,340
Calculation expenses	20,326	20,610
Commission expenses	5,771	6,045
Supplies expenses	2,204	2,444
Rent expenses	3,477	3,442
Depreciation and amortization	851	1,222
Other	26,133	26,324
Total	¥127,491	¥127,475

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

	Millions of Yen	
	2020	2021
Buildings and structures	¥ 6	¥21
Tools, furniture and fixtures	6	28
Software	76	39
Telephone subscription right	0	0
Total	¥89	¥89

*4. Impairment loss

In the fiscal years ended March 31, 2020 and 2021, the JACCS Group recognized impairment losses relating to the following asset groups.

Year ended March 31, 2020

Location	Asset group	Purpose	Type	Impairment loss
Ebina, Kanagawa, etc.	JACCS Co., Ltd.	Business asset	Buildings and structures	¥108 Millions
			Tools, furniture and fixtures	¥0 Millions
Shinagawa, Tokyo	JACCS Loan-Collection Service Co., Ltd.	Business asset	Software	¥47 Millions
			Tools, furniture and fixtures	¥10 Millions

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

JACCS Loan-Collection Service Co., Ltd., reduced the book value of a cancelled IT system renewal project to its recoverable value, and recognized the resulting impairment loss as an extraordinary loss.

The recoverable value was calculated based on the usage value, etc.

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 consolidated entities as it represents a smallest unit independently generating cash flows and based on individual assets if the assets are to be disposed or 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	
	2020	2021
Unrealized gains (losses) on available-for-sale securities		
Gains (losses) arising during the year	¥(1,919)	¥5,054
Reclassification adjustments to profit or loss	(30)	(209)
Amount before income tax effect	(1,950)	4,844
Income tax effect	553	(1,395)
Total unrealized gains (losses) on available-for-sale securities	(1,396)	3,449
Deferred gains (losses) on hedges		
Gains (losses) arising during the year	(737)	(931)
Reclassification adjustments to profit or loss	—	—
Amount before income tax effect	(737)	(931)
Income tax effect	184	169
Total deferred gains (losses) on hedges	(553)	(761)
Foreign currency translation adjustment		
Adjustment arising during the year	360	(1,291)
Remeasurements of defined benefit plans, net of tax		
Gains (losses) arising during the year	(1,254)	2,698
Reclassification adjustments to profit or loss	251	790
Amount before income tax effect	(1,002)	3,488
Income tax effect	301	(1,064)
Total remeasurements of defined benefit plans, net of tax	(701)	2,423
Share of other comprehensive income of affiliated company accounted for using equity method		
Gains (losses) arising during the year	(1)	—
Reclassification adjustments to profit or loss	52	—
Total share of other comprehensive income of affiliated company accounted for using equity method	51	—
Total other comprehensive income	¥(2,239)	¥3,820

Notes - Consolidated Statements of Changes in Net Assets

Year ended March 31, 2020

1. Shares outstanding

Class of shares	April 1, 2019	Increase	Decrease	March 31, 2020
Shares of common stock (shares)	35,079,161	—	—	35,079,161

2. Treasury stock

Class of shares	April 1, 2019	Increase	Decrease	March 31, 2020
Shares of common stock (shares)	712,373	813	142,500	570,686

Notes:1. The increase of 813 shares of treasury stock (shares of common stock) was due to an acquisition of 813 shares based on requests for purchase of shares less than one unit.

2. The decrease of 142,500 shares of treasury stock (shares of common stock) comprised a decrease of 116,500 shares due to transfer from the ESOP Trust Account to the JACCS Co., Ltd. Employee Stock Ownership Association; a decrease of 9,800 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 (62,200 shares as of March 31, 2020). This is because shares of the Company held by the ESOP Trust Account are presented on the consolidated balance sheets as treasury stock.

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, 2020 (Millions of yen)
			April 1, 2019	Increase	Decrease	March 31, 2020	
JACCS Co., Ltd.	Subscription rights to shares as stock options	—	—	—	—	—	¥263
	Total		—	—	—	—	¥263

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 27, 2019	Shares of common stock	¥1,381 million	¥40.00	March 31, 2019	June 28, 2019
Board of Directors, November 7, 2019	Shares of common stock	¥1,555 million	¥45.00	September 30, 2019	November 29, 2019

Notes: 1. The total dividend amount authorized by a resolution of the Ordinary General Meeting of Shareholders on June 27, 2019, included ¥7 million paid to The Master Trust Bank of Japan, Ltd. (ESOP Trust Account, No. 76325).
2. The total dividend amount authorized by a resolution of the Board of Directors on November 7, 2019 included ¥5 million paid to The Master Trust Bank of Japan, Ltd. (ESOP Trust Account, No. 76325).

(2) Dividends for which record date is in the current fiscal year and 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 26, 2020	Shares of common stock	Retained earnings	¥1,728 million	¥50.00	March 31, 2020	June 29, 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).

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 of 2,054 shares of treasury stock (shares of common stock) 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 of 91,200 shares of treasury stock (shares of common stock) 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 record date is in the current fiscal year and 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

Notes - Consolidated Statements of Cash Flow

*1 Reconciliation of cash and cash equivalents in the consolidated statements of cash flows and the amount recorded in the consolidated balance sheets as of March 31, 2020 and 2021 is as follows:

	Millions of Yen	
	2020	2021
Cash and deposits	¥97,466	¥112,241
Time deposits exceeding three months	(38)	(87)
Cash and cash equivalents	¥97,428	¥112,153

*2. Major components of increase in assets and liabilities through company split (simplified absorption-type company split)

Year ended March 31, 2020

The breakdown of assets and liabilities at the date of the company split to acquire the credit guarantee business from JCB Co., Ltd., together with the relationship between consideration through cash payment for the company split and payment (net) for the company split is as follows.

	(Millions of Yen)
Current assets	¥ 98
Noncurrent assets	—
Goodwill	1,000
Current liabilities	—
Noncurrent liabilities	—
Acquisition cost for company split	¥1,099
Cash and cash equivalents	—
Difference: Payment (net) for acquisition of business	¥1,099

Year ended March 31, 2021

Not applicable

*3. Major components of assets and liabilities of a company that newly became a consolidated subsidiary through acquisition of shares
Year ended March 31, 2020
The breakdown of assets and liabilities at the date of inclusion in the scope of consolidation of MMPC Auto Financial Services Corporation ("MAFS,"; name changed to JACCS FINANCE PHILIPPINES CORPORATION on July 10, 2019), which was newly included in the scope of consolidation through the acquisition of additional shares, together with the relationship between the acquisition cost of shares of MAFS and payment (net) for acquisition of MAFS is as follows.

	(Millions of Yen)
Current assets	¥ 13,607
Noncurrent assets	100
Goodwill	118
Current liabilities	(12,424)
Noncurrent liabilities	(575)
Non-controlling interests	(247)
Acquisition cost of shares of MAFS	578
Acquisition cost of shares of MAFS prior to acquisition of control	(275)
Loss on step acquisition	100
Cash and cash equivalents of MAFS	(335)
Difference: Payment (net) for acquisition of shares of subsidiary resulting in change in scope of consolidation	66

Year ended March 31, 2021
Not applicable

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. Thereby, the Group holds financial assets and liabilities having interest rate fluctuation risks. To avoid its unfavorable effect, the Group applies asset liability management (ALM) 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 of 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. Loans payable with variable interest rates expose the Group to the risk of interest rate fluctuation. In addition, foreign currency denominated monetary claims and obligations 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 of 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 is 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 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

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

d. Derivatives transactions

Each section of 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 of 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 for other than trading purposes

The financial instruments most affected by the 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 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, 2021, the Group estimates that if the index interest rate increased by 10 basis points (0.1%), financial expenses would increase by ¥444 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.

(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 to fair values of financial instruments

Fair values of financial instruments are based on market prices or rationally computed prices in case market prices are not available. As the computation of such prices is subject to certain presumptions, prices may change under different presumptions. Moreover, contractual values of derivative transactions in 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 in the consolidated balance sheets and their fair values as of March 31, 2020 and 2021, as well as their differences. Financial instruments of which fair values were deemed hardly available are not presented herein (See Note 2).

As of March 31, 2020

	Millions of yen		
	Consolidated balance sheet amount	Fair value	Differences
(1) Cash and deposits	¥ 97,466	¥ 97,466	¥ —
(2) Finance receivable-installment	2,377,220		
Allowance for doubtful accounts	(24,904)		
Deferred income on finance receivables	(147,328)		
	2,204,986	2,271,940	66,953
(3) Lease investment assets	131,636		
Allowance for doubtful accounts	(82)		
	131,554	131,796	242
(4) Investment securities			
Available-for-sale securities	12,786	12,786	—
Total assets	2,446,794	2,513,990	67,195
(1) Short-term loans payable	320,451	320,451	—
(2) Commercial papers	422,000	422,000	—
(3) Bonds payable(*1)	232,318	231,972	(345)
(4) Long-term loans payable(*2)	857,215	863,195	5,980
(5) Loans payable under securitization of receivables(*3)	298,563	298,718	155
Total liabilities	2,130,548	2,136,338	5,789
Derivative transactions(*4)			
1. Hedge accounting not applied	[380]	[380]	—
2. Hedge accounting applied	[891]	[891]	—
Total derivative transactions	¥ [1,271]	¥ [1,271]	¥ —

	Millions of yen
	Fair value
Other	
Credit guarantee contracts	¥ 155,382

(*1) Current portion of bonds payable is included in bonds payable.
(*2) Current portion of long-term loans payable is included in long-term loans payable.
(*3) Current portion of loans payable under securitization of receivables is included in loans payable under securitization of receivables.
(*4) Figures presented are net receivable or payable resulting from derivative transactions. If the net amount is a payable, the figure is shown in the parentheses.

As of March 31, 2021

	Consolidated balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Differences (Millions of yen)
(1) Cash and deposits	¥ 112,241	¥ 112,241	¥ —
(2) 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
(3) Lease investment assets	139,990		
Allowance for doubtful accounts	(623)		
	139,367	139,428	61
(4) Investment securities			
Available-for-sale securities	17,299	17,299	—
Total assets	2,638,320	2,705,742	67,422
(1) Short-term loans payable	322,802	322,802	—
(2) Commercial papers	424,500	424,500	—
(3) Bonds payable(*1)	236,892	237,391	499
(4) Long-term loans payable(*2)	883,231	888,066	4,835
(5) Loans payable under securitization of receivables(*3)	428,252	427,403	(848)
Total liabilities	2,295,677	2,300,163	4,485
Derivative transactions(*4)			
1. Hedge accounting not applied	[114]	[114]	—
2. Hedge accounting applied	[1,916]	[1,916]	—
Total derivative transactions	¥ [2,031]	¥ [2,031]	¥ —

	Fair value (Millions of yen)
Other	
Credit guarantee contracts	¥ 168,134

(*1) Current portion of bonds payable is included in bonds payable.
(*2) Current portion of long-term loans payable is included in long-term loans payable.
(*3) Current portion of loans payable under securitization of receivables is included in loans payable under securitization of receivables.
(*4) Figures presented are net receivable or payable resulting from derivative transactions. If the net amount is a payable, the figure is shown in the parentheses.

Note 1: Measurement of fair value of financial instruments and matters on securities and derivative transactions
Assets:
(1) Cash and deposits
The book values are used as the fair values since all the deposits are short-term and the fair values approximate their book values.
(2) Finance receivable-installment
Fair values of finance receivable-installment are stated at its present values computed by discounting probable collection amounts of principals and interest by secure interest rates corresponding to the remaining period.
(3) Lease investment assets
Calculation of fair value of lease investment assets is based on present value of the estimated future cash flows of each contract, discounted at the interest rate that is expected for a new similar transaction.
(4) Investment securities
Fair market values readily available are used as the fair values of available-for-sale securities. For available-for-sale securities, see Notes - Securities for acquisition costs by type, consolidated balance sheet amounts, and their differences.

Liabilities:
(1) Short-term loans payable
These instruments are settled in a short time and fair value is closely equal to book value. The fair value is, therefore, stated at book value.
(2) Commercial papers
These instruments are settled in a short time and fair value is closely equal to book value. The fair value is, therefore, stated at book value.
(3) Bonds payable
The fair value of bonds issued by the Company with available fair market value is estimated based on market prices. The fair value of bonds with no available fair market value is estimated as the present value of total principal and interest, discounted at a rate that takes into account the residual period of the bonds and the credit risk.
(4) Long-term loans payable
Book values of long-term loans payable with variable interest rate are deemed fair values as the prices reflect market interest rate timely and credit conditions of the Company have not changed significantly after time of borrowing and therefore, the fair values approximate the book values. Fair values of long-term loans payable with fixed interest rate are stated at their present values computed by discounting probable payment amounts of principals and interest that are grouped by repayment period, at expected interest rate of similar borrowing.
(5) Loans payable under securitization of receivables
The fair value of loans payable under securitization of receivables is estimated as the present value of total principal and interest that are grouped by repayment period, discounted at a rate assumed to be the interest rate applicable to similar loans payable.

Derivatives transactions:
See Notes - Derivatives.

Other:
Credit guarantee contracts
Fair values of credit guarantee contracts are stated at their present values measured by discounting collectible amounts of guarantee commissions, less uncollectible loss amounts caused by subrogation that are estimated by considering possibility of guarantee fulfillment and collateral value, at the secure interest rate corresponding to length of remaining periods.

Note 2: Financial instruments of which fair values are deemed hardly available are as follows.

	Millions of Yen	
	2020	2021
Unlisted shares	¥929	¥919

The above shares are not included in the scope of fair value disclosure since they have no market prices and their fair values are deemed hardly available.

Note 3: Maturity of monetary assets after the balance sheet date

As of March 31, 2020	Millions of Yen					
	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	¥ 97,466	¥ —	¥ —	¥ —	¥ —	¥ —
Finance receivable-installment	669,597	429,908	343,304	241,023	177,458	515,927
Lease investment assets	41,948	35,411	27,704	19,821	15,004	15,079
Total	¥809,012	¥465,319	¥371,009	¥260,845	¥192,463	¥531,007

Note: For lease investment assets, future lease payments to be received under the lease contracts are presented.

As of March 31, 2021	Millions of Yen					
	Within one 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

Note: For lease investment assets, future lease payments to be received under the lease contracts are presented.

Note 4: 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

As of March 31, 2020	Millions of Yen					
	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans payable	¥320,451	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial papers	422,000	—	—	—	—	—
Bonds payable	30,000	20,000	47,110	50,068	45,139	40,000
Long-term loans payable	110,293	162,880	170,938	140,407	170,631	102,062
Loans payable under securitization of receivables	104,278	71,318	43,582	26,852	15,562	36,968
Total	¥987,023	¥254,198	¥261,632	¥217,328	¥231,333	¥179,031

As of March 31, 2021	Millions of Yen					
	Within one 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

Notes - Securities

1. Available-for-sale securities

As of March 31, 2020

Millions of yen

Category	Consolidated balance sheet amount	Acquisition cost	Unrealized gains (losses)
Balance sheet amount exceeding acquisition cost:			
Equity stock	¥ 8,431	¥1,953	¥6,478
Balance sheet amount not exceeding acquisition cost:			
Equity stock	4,355	5,078	(723)
Total	¥12,786	¥7,031	¥5,755

Notes:1. "Acquisition cost" refers to the book value after impairment.
2. Loss on valuation of investment securities of ¥268 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 in fair value.

As of March 31, 2021

Millions of yen

Category	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 in fair value.

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

Year ended March 31, 2020

Millions of yen

Category	Securities sold	Total gain on sales	Total loss on sales
Equity stock	¥640	¥357	¥32

Year ended March 31, 2021

Millions of yen

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

Notes - Derivatives

1. Derivatives to which hedge accounting is not applied

As of March 31, 2020

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	Currency option	¥35,537	¥21,191	¥(292)	¥(895)
	Forward exchange contracts Sell: VND Buy: USD	6,527	—	(47)	(47)
	Forward exchange contracts Sell: VND Buy: Yen	1,179	—	(41)	(41)
Total		¥43,244	¥21,191	¥(380)	¥(984)

Note: Fair value is based on the price provided by the counterparty financial institutions.

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 Sell: VND Buy: USD	¥5,064	¥—	¥ (65)	¥(18)
	Forward exchange contracts Sell: VND Buy: Yen	2,073	—	0	41
	Forward exchange contracts Sell: PHP Buy: Yen	1,900	—	(49)	(49)
Total		¥9,038	¥—	¥(114)	¥(25)

Note: Fair value is based on the price provided by the counterparty financial institutions.

2. Derivatives to which hedge accounting is applied

As of March 31, 2020

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 Payment fixed / Receipt variable	Long-term loans payable	¥18,292	¥10,322	¥(214)
	Cross currency interest rate swap	Long-term loans payable	15,738	9,784	(676)
Total			¥34,031	¥20,106	¥(891)

Note: Fair value is based on the price provided by the counterparty financial institutions.

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 Payment fixed / Receipt variable	Long-term loans payable	¥ 9,788	¥ 4,676	¥ (258)
	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)

Note: Fair value is based on the price provided by the counterparty financial institutions.

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 are paid in accordance with the employee's salary and the length of service.

2. Defined benefit plans

(1) Movement in retirement benefit obligations

	Millions of Yen	
	2020	2021
Balance at beginning of fiscal years	¥24,526	¥24,807
Current service cost	1,270	1,241
Interest cost	118	122
Actuarial loss (gain)	6	(57)
Benefits paid	(1,141)	(1,189)
Change in scope of consolidation	7	—
Other	18	(58)
Balance at end of fiscal years	¥24,807	¥24,866

(2) Movement in plan assets

	Millions of Yen	
	2020	2021
Balance at beginning of fiscal years	¥29,402	¥28,812
Expected return on plan assets	612	606
Actuarial gain (loss)	(1,247)	2,640
Contributions paid by the employer	1,174	1,041
Benefits paid	(1,141)	(1,189)
Other	13	(39)
Balance at end of fiscal years	¥28,812	¥31,873

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

	Millions of Yen	
	2020	2021
Funded retirement benefit obligations	¥ 24,795	¥ 24,846
Plan assets	(28,812)	(31,873)
	(4,017)	(7,027)
Adjustments due to asset ceiling	—	19
Unfunded retirement benefit obligations	11	20
Net defined benefit liability (asset) recorded in the consolidated balance sheets	(4,005)	(6,988)
Liabilities for retirement benefits	57	20
Assets for retirement benefits	(4,062)	(7,008)
Net defined benefit liability (asset) recorded in the consolidated balance sheets	¥ (4,005)	¥ (6,988)

(4) Breakdown of retirement benefit expenses

	Millions of Yen	
	2020	2021
Current service cost	¥1,270	¥1,241
Interest cost	118	122
Expected return on plan assets	(612)	(606)
Net actuarial loss (gain) amortization	251	790
Past service costs amortization	—	—
Other	123	99
Total retirement benefit expenses	¥1,151	¥1,647

(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, 2020 and 2021 is as follows.

	Millions of Yen	
	2020	2021
Past service costs	¥ —	¥ —
Actuarial loss (gain)	1,002	(3,488)
Total amount for the period	¥1,002	¥(3,488)

(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, 2020 and 2021 is as follows.

	Millions of Yen	
	2020	2021
Past service costs that are yet to be recognized	¥ —	¥ —
Actuarial loss (gain) that is yet to be recognized	1,707	(1,780)
Total balance at end of fiscal years	¥1,707	¥(1,780)

(7) Plan assets

(i) Main components of plan assets

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

	2020	2021
Bonds	35%	35%
Equity stock	23%	28%
General account	38%	34%
Cash and deposits	4%	3%
Total	100%	100%

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

Current and target asset allocations, 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 (presented as weighted averages)

	2020	2021
Discount rate	0.3%–7.6%	0.3%–6.5%
Long-term expected rate of return	2.0%–7.0%	2.0%–5.0%
Assumed rate of increase in salaries	2.3%–7.0%	2.3%–5.0%

3. Defined contribution plan

The required contribution amount for the Company and its consolidated subsidiaries to the defined contribution plan are ¥479 million and ¥477 million for the years ended March 31, 2020 and 2021, 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, 2020 and March 31, 2021

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 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 number of shares. 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						
Outstanding as of March 31, 2020	—	—	—	—	—	—
Granted	—	—	—	—	—	—
Expired	—	—	—	—	—	—
Vested	—	—	—	—	—	—
Outstanding as of March 31, 2021	—	—	—	—	—	—
After vesting						
Outstanding as of March 31, 2020	24,400	11,400	31,400	31,800	36,600	33,600
Vested	—	—	—	—	—	—
Rights exercised	2,800	800	5,600	800	800	800
Expired	—	—	—	—	—	—
Outstanding as of March 31, 2021	21,600	10,600	25,800	31,000	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

	Yen					
Date of resolution	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	1,788	1,805	2,104	1,706	1,706	1,706
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, 2020 and 2021 are as follows:

	Millions of Yen	
	2020	2021
Deferred tax assets:		
Operating loss carryforwards (Note)	¥ 1,092	¥ 1,225
Allowance for bonuses	837	878
Allowance for credit card point programs	997	855
Allowance for doubtful accounts	3,867	5,194
Allowance for loss on guarantees	216	255
Allowance for loss on interest repayment	193	187
Investment securities	345	274
Excess amount of depreciation	653	645
Other	1,156	1,737
Less amounts offset against deferred tax liabilities	(3,102)	(5,397)
Subtotal	6,257	5,854
Valuation allowance for tax loss carryforwards (Note)	(835)	(737)
Valuation allowance for total deductible temporary differences, etc.	(659)	(656)
Total valuation allowance	(1,494)	(1,394)
Total deferred tax assets	¥ 4,763	¥ 4,459
Deferred tax liabilities:		
Assets for retirement benefits	¥(1,243)	¥(2,144)
Valuation difference on available-for-sale securities	(1,856)	(3,251)
Other	(2)	(1)
Less amounts offset against deferred tax assets	3,102	5,397
Total deferred tax liabilities	¥ —	¥ —

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

As of March 31, 2020

	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	¥ 110	¥ 131	¥100	¥ 76	¥269	¥403	¥1,092
Valuation allowance	(110)	(118)	(10)	(76)	(115)	(403)	(835)
Deferred tax assets	¥ —	¥ 13	¥ 89	¥ —	¥154	¥ —	¥ 257

(*) The amount of tax loss carryforwards is calculated by multiplying statutory tax rate.

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 statutory tax rate.

2. A reconciliation of the statutory tax rates to the effective tax rates for the years ended March 31, 2020 and 2021 are as follows:

	2020	2021
Statutory tax rate	30.6%	30.6%
Reconciliation:		
Expenses not deductible for tax purposes, such as entertainment expenses	1.6%	1.3%
Income not taxable for tax purposes, such as dividends income	(2.1)	(1.8)
Consolidation eliminations for dividends income	1.9	1.6
Inhabitants' taxes per capita	0.6	0.6
Increase/decrease in valuation allowance	0.8	(0.4)
Difference in tax rate between subsidiaries and parent company	(0.4)	1.1
Income taxes for prior periods	1.0	0.2
Amortization of goodwill	0.5	0.5
Impairment of goodwill	—	0.5
Other	(0.1)	0.1
Effective tax rate	34.4%	34.3%

Notes - Business Combination

Not applicable

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 - 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.

Income presented for reportable segments is operating income adjusted for equity in income (loss) of affiliated company.

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

Year ended March 31, 2020	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	¥ 139,513	¥ 18,841	¥ 158,354	¥ —	¥ 158,354
Inter-segment operating revenue and transfers	69	—	69	186	256
Total	¥ 139,582	¥ 18,841	¥ 158,423	¥ 186	¥ 158,610
Segment income					
Operating income	¥ 16,086	¥ 573	¥ 16,660	¥ (154)	¥ 16,506
Equity in income (loss) of affiliated company	—	(16)	(16)	—	(16)
Total	¥ 16,086	¥ 557	¥ 16,644	¥ (154)	¥ 16,489
Segment assets	¥4,110,903	¥138,029	¥4,248,932	¥(17,341)	¥4,231,590
Other items					
Depreciation and amortization	8,884	242	9,126	—	9,126
Amortization of goodwill	100	—	100	249	349
Interest income	82	79	161	(69)	92
Interest on loans payable and bonds payable	6,266	5,296	11,563	(57)	11,505
Interest on commercial papers	254	—	254	—	254
Extraordinary income					
Gain on sales on non-current assets	6	0	7	—	7
Gain on sales of investment securities	357	—	357	—	357
Extraordinary losses					
Loss on retirement of noncurrent assets	88	0	89	—	89
Loss on sales of investment securities	32	—	32	—	32
Loss on valuation of investment securities	268	—	268	—	268
Loss on step acquisition	—	—	—	100	100
Impairment loss	167	—	167	—	167
Increase in property, plant and equipment and intangible assets	15,359	1,099	16,459	—	16,459

Notes: 1. Adjustment amounts are as follows.

(1) The operating revenue adjustment amount of ¥186 million comprises adjustments to eliminate differences in accounting treatment between the parent company and subsidiaries amounting to ¥256 million, and elimination of inter-segment transactions amounting to ¥(69) million.

(2) The segment income adjustment amount of ¥(154) million comprises such items as adjustments to eliminate differences in accounting treatment between the parent company and subsidiaries amounting to ¥94 million, and amortization of goodwill amounting to ¥(249) million.

(3) The segment assets adjustment amount of ¥(17,341) million comprises such items as elimination of inter-segment transactions amounting to ¥(16,876) million, other assets not allocated to each reportable segment amounting to ¥651 million, and adjustment to assets for retirement benefits amounting to ¥(1,116) million.

2. Segment income is operating income presented in the consolidated statements of income adjusted for equity in income (loss) of affiliated company.

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)					
Operating income (loss)	¥ 19,719	¥ (3,071)	¥ 16,648	¥ (322)	¥ 16,326
Equity in income (loss) of affiliated company	—	—	—	—	—
Total	¥ 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
Loss on step acquisition	—	—	—	—	—
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.

Related information

Year ended March 31, 2020

1. Information by product or service

	Millions of Yen					
	Credit card business	Installment sales finance business	Credit guarantee	Financing	Other operations	Total
Operating revenue from non-affiliated third parties	¥34,367	¥53,972	¥40,850	¥11,281	¥17,882	¥158,354

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, 2020.

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, 2020.

Year ended March 31, 2021

1. Information by product or service

	Millions of Yen					
	Credit card business	Installment sales finance business	Credit guarantee	Financing	Other operations	Total
Operating revenue from non-affiliated third parties	¥32,440	¥58,249	¥41,217	¥10,330	¥18,412	¥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.

Information relating to impairment loss on noncurrent assets by reportable segment

Year ended March 31, 2020

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

Year ended March 31, 2021

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

Year ended March 31, 2020

Millions of Yen

	Domestic	Overseas	Corporate / eliminations	Total
Amortization amount during period	¥100	¥—	¥249	¥ 349
Balance at end of period	¥900	¥—	¥651	¥1,551

Year ended March 31, 2021

Millions of Yen

	Domestic	Overseas	Corporate / eliminations	Total
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.

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

Year ended March 31, 2020

Not applicable

Year ended March 31, 2021

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, 2020

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 20.32	Relationship of borrowing money	Borrowing of funds	Short-term and long-term borrowing via loans ¥1,202,478	Short-term loans payable	¥100,163
									Current portion of long-term loans payable	8,384
									Long-term loans payable	254,838
								Borrowing via commercial papers 140,000	Commercial papers	70,000
							Payment of interest	2,873	Prepaid expenses	11
									Accrued expenses	130
						Relationship of business alliance	Loan guarantees	Credit guarantee (net) 7,086	(See Note 4.)	63,949
								Receipt of guarantee fee 498	—	—

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 service 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, 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 ¥1,087,625	Short-term loans payable	¥ 96,027
									Current portion of long-term loans payable	29,763
									Long-term loans payable	260,397
								Borrowing via commercial papers 235,000	Commercial papers	50,000
							Payment of interest	3,534	Prepaid expenses	5
									Accrued expenses	81
						Relationship of business alliance	Loan guarantees	Credit guarantee (net) 342	(See Note 4.)	64,292
								Receipt of guarantee fee 513	—	—

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 service 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, 2020

Type	Name	Location	Capital stock or investments in capital	Business or occupation	Percentage of voting rights owning (owned)	Relationship with related party	Transactions	Transaction amount	Accounts	Balance at end of fiscal year
			(Millions of yen)		(%)			(Millions of yen)		(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 ¥27,000	Commercial papers	¥ 13,000
							Payment of interest	7	Prepaid expenses	1
						Relationship of business alliance	Loan guarantees	Credit guarantee (net) (6,413)	(See Note 4.)	131,326
								Receipt of guarantee fee 3,290	—	—

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 service of the Company is not recognized on the consolidated balance sheet. However, ¥12,012 million of such guarantee obligations disclosed in the Notes on contingent liabilities and ¥119,314 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, 2021

Type	Name	Location	Capital stock or investments in capital	Business or occupation	Percentage of voting rights owning (owned)	Relationship with related party	Transactions	Transaction amount	Accounts	Balance at end of fiscal year
			(Millions of yen)		(%)			(Millions of yen)		(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) 16,741	(See Note 4.)	148,068
								Receipt of guarantee fee 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 service 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.

Notes - Per Share Information

	Yen	
	2020	2021
Net assets per share	¥4,543.94	¥4,910.76
Net income per share—Basic	311.65	340.69
Net income per share—Diluted	310.13	339.14

Notes: 1. The basis for calculating net income per share (basic) and net income per share (diluted) for the years ended March 31, 2020 and 2021 are as follows:

	Millions of Yen	
	2020	2021
Net income per share—Basic		
Net income attributable to owners of the parent (Millions of yen)	¥10,732	¥11,778
Net income attributable to owners of the parent applicable to shares of common stock (Millions of yen)	10,732	11,778
Average number of shares of common stock outstanding during period (Thousands of shares)	34,438	34,571
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)	169	157
(of which subscription rights to shares) (Thousands of shares)	(169)	(157)
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) (118 thousand shares in the year ended March 31, 2020, and 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, 2020 and 2021 are as follows:

	Millions of Yen	
	2020	2021
Total net assets	¥162,889	¥174,152
Amounts deducted from total net assets:	6,085	4,252
(of which subscription rights to shares)	(263)	(244)
(of which non-controlling interests)	(5,822)	(4,007)
Net assets applicable to shares of common stock	156,804	169,900
Number of common shares at the end of the fiscal year used in calculation of net assets per share (Thousands of shares)	34,508	34,597

Note: Shares of the Company held by the ESOP Trust Account are included in the number of shares of treasury stock that is deductible from the total number of issued shares at the fiscal year-end, which is used in determining net assets per share (62 thousand shares as of March 31, 2020 and no shares as of March 31, 2021). The trust was terminated in July 2020.

Notes - Significant Subsequent Events

Not applicable

CONSOLIDATED SUPPLEMENTARY SCHEDULES

Schedule of bonds payable

Company name	Issue name	Date of issuance	Balance at beginning of year	Balance at end of year	Interest rate	Collateral	Date of maturity
			(Millions of yen)	(Millions of yen)	(%)		
JACCS Co., Ltd.	The 8th unsecured domestic bonds	June 20, 2013	¥ 15,000 ¥(15,000)	¥ —	1.130	None	June 19, 2020
JACCS Co., Ltd.	The 9th unsecured domestic bonds	January 23, 2014	15,000 (15,000)	—	0.790	None	January 22, 2021
JACCS Co., Ltd.	The 12th unsecured domestic bonds	December 5, 2014	10,000	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 (10,000)	0.644	None	February 25, 2022
JACCS Co., Ltd.	The 14th unsecured domestic bonds	October 23, 2015	10,000	10,000	0.752	None	October 21, 2022
JACCS Co., Ltd.	The 15th unsecured domestic bonds	October 18, 2016	19,836	19,882	0.120	None	October 18, 2023
JACCS Co., Ltd.	The 16th unsecured domestic bonds	June 9, 2017	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	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	0.190	None	January 26, 2024
JACCS Co., Ltd.	The 30th unsecured domestic bonds	January 27, 2021	—	15,000	0.280	None	January 27, 2026
JACCS Co., Ltd.	The 31st unsecured domestic bonds	January 27, 2021	—	10,000	0.500	None	January 27, 2031
PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA	Bonds denominated in Indonesian rupiah (IDR)	July 12, 2019	1,171 [IDR150,000 million]	1,095 [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	1,171 [IDR150,000 million]	1,095 [IDR150,000 million]	7.700	None	August 9, 2022

Company name	Issue name	Date of issuance	Balance at beginning of year	Balance at end of year	Interest rate	Collateral	Date of maturity
			(Millions of yen)	(Millions of yen)	(%)		
PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA	Bonds denominated in Indonesian rupiah (IDR)	September 24, 2019	¥ 4,767 [IDR616,000 million]	¥ 4,470 [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	232 [IDR30,000 million]	217 [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	139 [IDR18,000 million]	130 [IDR18,000 million]	9.750	Yes	September 24, 2024
Total	—	—	¥232,318 (30,000)	¥236,892 (20,000)	—	—	—

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
¥20,000	¥46,661	¥60,100	¥45,130	¥25,000

Schedule of loans payable, etc.

Category	Balance at beginning of year	Balance at end of year	Average interest rate	Repayment date
	(Millions of yen)	(Millions of yen)	(%)	
Short-term loans payable	¥ 320,451	¥ 322,802	0.4	—
Current portion of long-term loans payable	110,053	164,904	1.9	—
Current portion of loans payable under securitization of receivables	104,278	138,650	0.3	—
Current portion of lease obligations	68	119	5.5	—
Long-term loans payable (excluding current portion)	746,861	718,327	0.8	From April 2022 to March 2029
Loans payable under securitization of receivables (excluding current portion)	194,284	289,601	0.3	From April 2022 to September 2033
Lease obligations (excluding current portion)	157	249	5.5	From April 2022 to March 2027
Other interest-bearing liabilities Commercial papers (due within one year)	422,000	424,500	0.1	—
Total	¥1,898,156	¥2,059,153	—	—

Notes:1. The balance of the current portion of long-term loans payable at the beginning of the year does not include loans payable by the ESOP Trust Account of ¥240 million.
The balance of long-term loans payable (excluding current portion) at the beginning of the year does not include loans payable by the ESOP Trust Account of ¥60 million.
2. Average interest rate is calculated using the average interest rate and balance during the period.
3. 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	¥174,134	¥155,897	¥177,551	¥111,720
Loans payable under securitization of receivables	96,082	65,895	43,665	29,938
Lease obligations	¥ 102	¥ 101	¥ 39	¥ 5

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.

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, 2021 and 2020, 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, 2021 and 2020, 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**
Finance receivables (comprising of finance receivables-installment, finance receivables-installment sales-credit guarantee, lease investment assets and other) of ¥4,230,751 million and allowance for doubtful accounts of ¥29,911 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, 2021. Of the total amount of the allowance for doubtful accounts, ¥25,205 million was attributable to domestic segment, and ¥4,705 million was attributable to overseas segment. As described in "4.(3)(i) Allowance for doubtful accounts" of "Notes – Significant Accounting	The primary procedures we performed to assess the reasonableness of the calculation of allowance for doubtful accounts over finance receivables included the following: (1) Internal control testing 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: ● The Company's policies and procedures for the calculation of allowance for doubtful accounts; and

Policies for Preparation of Consolidated Financial Statements" and "Notes – Significant Accounting Estimates," finance receivables, which primarily consist of receivables from retail customers, are classified into categories based on the overdue period, and allowance for doubtful accounts is calculated primarily based on an allowance rate for each category of the receivables. 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, allowance rates for each category of receivables were estimated based on certain assumptions, including the expected recovery of overdue receivables and the effect of COVID-19, and such estimation involved management's judgment. We, therefore, determined that our assessment of the reasonableness 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 calculation of allowance rates for each category of finance 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 allowance rates for each category of finance receivables were reasonable in forecasting future credit losses: ● Evaluated whether the allowance rates applied by the Company in calculating allowance for doubtful accounts were determined based on a reasonable methodology taking into consideration factors such as historical credit losses; ● Evaluated the reliability of input data used by the Company in estimating the allowance rates for each category of finance receivables, such as overdue information; ● Recalculated the allowance for doubtful accounts calculated by the Company; and ● Received a report from the component subsidiary auditor for allowance for doubtful accounts of a certain overseas consolidated subsidiary in regards to the audit procedures performed and their results, and evaluated whether sufficient and appropriate audit evidence was obtained.

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, and 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/ Satoshi Hataoka
Designated Engagement Partner
Certified Public Accountant

/S/ Seiki Miyata
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
July 30, 2021

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.

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ORGANIZATION

(As of July 1, 2021)

- General Meeting of Shareholders
  - Audit & Supervisory Board
- Board of Directors
- Chairman and CEO
- President and COO
  - Audit Office
  - Management Committee
  - Business Strategy Department
    - Business Supervisory Office
    - Shopping Credit Promotion Department
      - First Shopping Credit Promotion Section
      - Second Shopping Credit Promotion Section
    - Shopping Credit Planning Department
      - Shopping Credit Planning Section
    - Auto Loans Promotion Department
      - First Auto Loans Promotion Section
      - Second Auto Loans Promotion Section
    - Auto Loans Planning Department
      - Auto Loans Planning Section
    - Credit Card Promotion Department
      - First Credit Card Promotion Section
      - Second Credit Card Promotion Section
    - Payments Promotion Department
      - First Payments Promotion Section
      - Second Payments Promotion Section
    - Credit Card and Payments Planning Department
      - First Credit Card and Payments Planning Section
      - Second Credit Card and Payments Planning Section
      - Third Credit Card and Payments Planning Section
    - Credit Card and Payments Operations Department
      - Credit Card and Payments Operations Section
      - Credit Card Center
    - Housing Loan Guarantee Promotion Department
      - Housing Loan Guarantee Promotion Section
      - Housing Loan Guarantee Center
    - Housing Loan Guarantee Planning and Operations Department
      - Housing Loan Guarantee Planning Section
      - Housing Loan Guarantee Operations Section
      - Housing Loan Guarantee Management Center
    - Guarantee Business Department
      - Planning and Promotion Section
      - Management Operations Section
      - Guarantee Branch
    - Web Solutions Department
      - First Web Solutions Section
      - Second Web Solutions Section
    - Customer Service Department
      - Customer Service Section
      - Tokyo Customer Center
      - Osaka Customer Center
  - Credit Screening and Operation Department
    - Credit Screening Planning Section
    - Operation Supervisory Section
    - Tokyo Credit Screening Center
    - Osaka Credit Screening Center
    - Tokyo Auto Loans Credit Screening Center
    - Credit Offices
    - Finance Operations Center
    - VFJ Support Center
    - Mercedes-Benz JACCS Loan Center
    - DAIHATSU Credit Center
    - Harley-Davidson Credit Center
  - Credit Management Department
    - Credit Planning Section
    - Claims Management Section
    - Contact Center
    - Tokyo Collection Center
    - Osaka Collection Center
    - Tokyo Claims Management Center
  - International Business Department
    - International Business Promotion Section
    - International Business Planning Section
  - Corporate Planning Department
    - Corporate Planning Section
    - Corporate Management Section
    - Corporate Communications Section
    - Group Business Planning Section
      - MUFG Alliance Promotion Group
  - DX Promotion Department
    - DX Promotion Section
  - General Affairs Department
    - General Affairs Section
  - Personnel Department
    - Personnel Section
    - Human Resources Development Section
    - Health Management Promotion Office
  - Accounting Department
    - Accounting Section
    - Group Accounting Section
    - Accounting Operations Center
  - Finance Department
    - Finance Section
    - Account Settlement Center
  - Systems Planning Department
    - Planning Supervisory Section
    - Systems Promotion Section
    - Group Systems Management Section
  - Systems Development Department
    - First Development Section
    - Second Development Section
    - Third Development Section
    - Common Development Section
  - Systems Management Department
    - First Platform Management Section
    - Second Platform Management Section
    - Systems Operation Section
  - Compliance Supervisory Department
    - Compliance Supervisory Section
    - Information Management Section
    - Internal Control Section
    - Financial Transactions Investigation Office
    - Legal Section
    - Customer Support Office

HISTORY

(As of July 1, 2021)

July 2019
Made MAFS (now JFP) a consolidated subsidiary of JACCS

A member store in Cambodia

Mar. 2018
JACCS FINANCE (CAMBODIA) PLC. (JFC), which was established in August 2017, launched its operations

May 2017
Acquired additional shares in Indonesian equity-method affiliate MPMF (now JMFI), making the company a consolidated subsidiary of JACCS

Apr. 2017
Commenced acquiring operations for Mastercard and Visa merchants

May 2016
MMPC Auto Financial Services Corporation (MAFS) (now JFP) established as a joint venture in the Philippines

June 2014
Celebrated the 60th anniversary of JACCS' establishment. To coincide with this milestone, the Company launched a new corporate logo in April 2014.

May 2014
Indonesian equity-method affiliate SAF merged with partner company PT Mitra Pinasthika Mustika Finance (MPMF). The surviving entity, MPMF (now JMFI), became an equity-method affiliate of JACCS.

Dec. 2012
Acquired a 40% equity stake in Indonesian company PT Sasana Artha Finance (SAF)

June 2010
Established consolidated subsidiary JACCS International Vietnam Finance Co., Ltd. (JIVF), in Vietnam

Head office, Ebisu Neonato

Apr. 2008
Took over the shopping credit business of Mitsubishi UFJ NICOS Co., Ltd.

Mar. 2008
JACCS became an equity-method affiliate of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) (now MUFG Bank, Ltd.), through a third-party allocation of new shares

May 2001
Began operating a state-of-the-art core computer system, called "JANET," the first such online system in the industry to run 24-hours-a-day, 365-days-a-year

JANET

Nov. 1994
Head office transferred to the Company's new main building, Ebisu Neonato, in Shibuya-ku, Tokyo

Jan. 1991
Began issuing JACCS JCB Card

Apr. 1989
Began issuing internationally accepted credit cards, JACCS Mastercard and JACCS Visa Card

Tokyo head office

Sept. 1978
Listed on the First Section of the Tokyo Stock Exchange

JACCS' internationally accepted credit cards

Apr. 1976
Company name was changed to JACCS Co., Ltd. (An abbreviation for Japan Consumer Credit Service)

Aug. 1975
Head office functions transferred to Tokyo

July 1972
Established the Tokyo Office (currently the Tokyo Branch) as the Company's first presence in the Kanto region

Apr. 1973
Shares listed on the Sapporo Securities Exchange

Sapporo Securities Exchange

June 1972
Began housing loan operations

Mar. 1969
In collaboration with large manufacturers, began providing a full-fledged shopping credit service

Brochures

July 1959
To coincide with the 5th anniversary of establishment, the Company's name was changed to Kitanihon Sinyohanbai Co., Ltd.

Dec. 1959
Began a credit guarantee service for financial institutions, the first service of its type in Japan

June 1954
Depart Sinyohanbai Co., Ltd., established in Hakodate, Hokkaido, with paid-in capital of ¥3.3 million. Began monthly installment credit service for use at department stores based on the issuance of installment-shopping coupons to members who have joined through their workplace

Founders
Masajiro Ibe
Tatsuya Watanabe
Kaname Yamane

CORPORATE DIRECTORY

(As of July 1, 2021)

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, 2021)
2,770 (Parent)
6,285 (Consolidated)

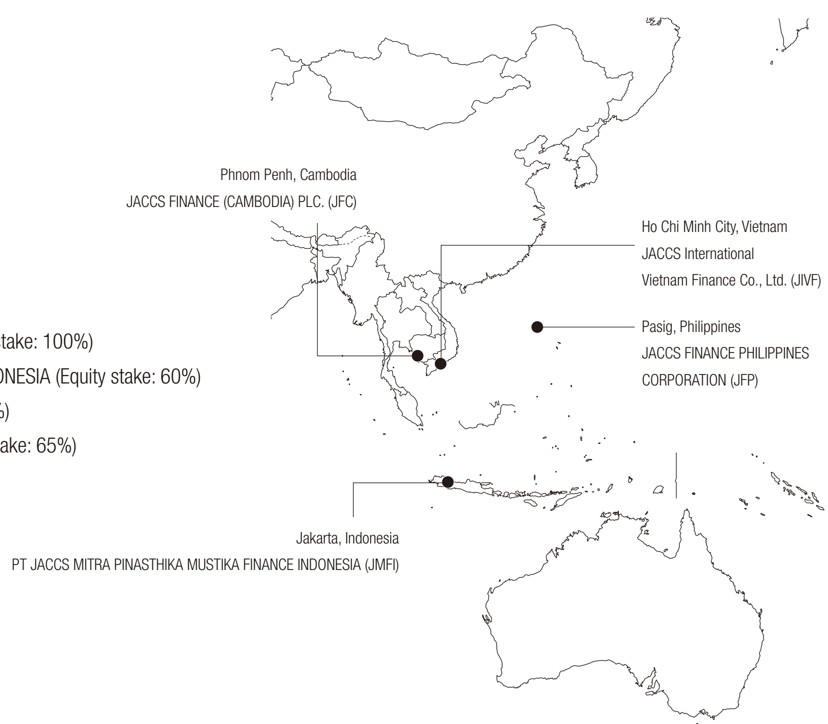
The JACCS Services Network

JACCS divides Japan into 8 sales areas, each overseen by a branch office. In all, there are 65 JACCS offices nationwide.

A Hokkaido Area
B Tohoku Area
C Kita-Kanto Area
D Shutoken Area
E Chubu Area
F Kinki Area
G Chugoku-Shikoku Area
H Kyushu Area

Domestic Affiliated Companies:
Consolidated Subsidiaries
JACCS Total Service Co., Ltd.
JACCS Lease Co., Ltd.
JACCS Loan-Collection Service Co., Ltd.
JACCS Payment Solutions Co., Ltd.

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 (CAMBODIA) PLC. (Equity stake: 100%)
JACCS FINANCE PHILIPPINES CORPORATION (Equity stake: 65%)



INVESTOR INFORMATION

(As of March 31, 2021)

Number Of Shareholders:
7,950

Shares Outstanding:
35,079,161

Share Unit:
100 shares

Stock Listing:
Tokyo Stock Exchange (First Section)

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:

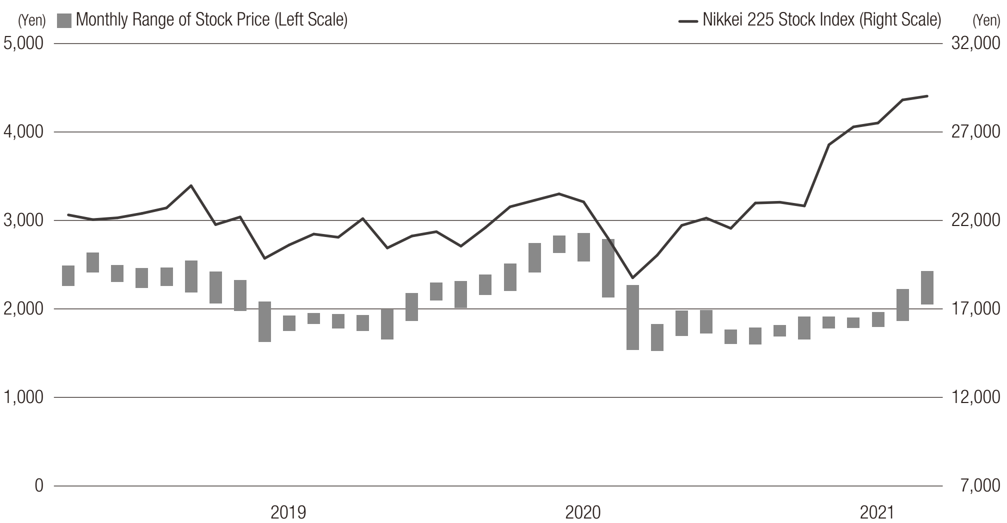
Name of Shareholders	Number of Shares Held (Thousands)	Percentage of Ownership*
MUFG Bank, Ltd.	7,015	20.27%
Custody Bank of Japan, Ltd. (Trust Account)	2,448	7.07
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,644	4.75
Shareholding Association of JACCS	1,554	4.49
The Dai-ichi Mutual Life Insurance Company, Limited	1,359	3.93
Meiji Yasuda Life Insurance Company	1,275	3.68
JACCS Co., Ltd. Employee Stock Ownership Association	975	2.82
RE FUND 107-CLIENT AC	600	1.73
Nippon Life Insurance Company	588	1.69
Mitsubishi UFJ Trust and Banking Corporation	564	1.63

* The percentage of ownership is calculated excluding the number of treasury stock (481 thousand shares).

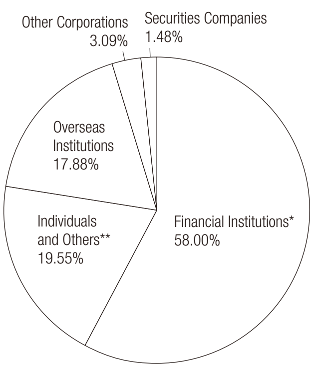
Common Stock Price Range: (Tokyo Stock Exchange)

(Years ended March 31)

	2019		2020		2021	
	High	Low	High	Low	High	Low
First quarter	¥2,633	¥2,258	¥2,177	¥1,658	¥1,984	¥1,527
Second quarter	2,544	2,185	2,388	2,009	1,818	1,598
Third quarter	2,418	1,629	2,827	2,204	1,915	1,657
Fourth quarter	1,948	1,753	2,858	1,535	2,425	1,796



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 481 thousand shares (1.37%) of treasury stock.

Cash Dividends:

(Years ended March 31)

	2019	2020	2021
Yearly	¥80.00	¥95.00	¥105.00
Interim	40.00	45.00	45.00

Seed the Future.

JACCS

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

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