

Seed the Future.



INTEGRATED REPORT

2023

For the Fiscal Year Ended March 31, 2023

A member of  MUFG


To contribute to the realization of “a future inspired by dreams and an affluent society,” JACCS strives—through its consumer credit business—to the maximum of its abilities to provide convenient, high-value-added products that cater to a wide variety of lifestyle needs.

To better communicate JACCS' potential

In line with its management principle, JACCS contributes to the realization of “a future inspired by dreams and an affluent society,” and is a corporate group that continues to provide value, which contributes to the sustainable development of society. Within this mission, we recognize the need to articulate key information about our organization and its activities to all stakeholders, including shareholders and investors. Specifically, where are we heading? How do we plan to get there? What resources will we need to achieve this? And, are we paying attention to sustainability? As part of this dialogue process, from fiscal 2022, ended March 31, 2023, we have launched the JACCS Integrated Report. This publication replaces the JACCS Annual Report, which we have previously published.

Through this report, we hope to deepen stakeholders' understanding of such aspects as the source of the JACCS Group's value creation, and sustainability management.

Communication Ecosystem

	Financial Information	Non-Financial Information
Dialogue	<ul style="list-style-type: none"> • Results briefings • Financial results briefings for analysts and institutional investors, one-on-one IR meetings • Debt IR for financial institutions • General Meeting of Shareholders 	<ul style="list-style-type: none"> • Relationships with stakeholders
Reports	<ul style="list-style-type: none"> • Financial results (Japanese GAAP) / Financial results briefing materials • Securities Report (<i>Yuka Shoken Hokokusho</i>) • Newsletter for Shareholders 	<div>  <div>JACCS Integrated Report</div> </div>
Websites	<ul style="list-style-type: none"> • Information for Investors 	<ul style="list-style-type: none"> • Sustainability of the JACCS Group • Corporate Governance Basic Policies



Information for Investors
<https://www.jaccs.co.jp/en/corporate/ir/>



Information on ESG Initiatives
<https://www.jaccs.co.jp/en/corporate/ir/esg/>

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Mission, Vision, and Values

MISSION

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

VISION

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

VALUES

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

Basic Policy on Sustainability



Management Principle

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

Since its founding, JACCS has supported consumers’ rich and satisfying lifestyles, and the fulfillment of their dreams.

In the future, too, this stance will remain unchanged. We want to continue helping consumers make purchases with peace of mind, and provide a shopping experience with even greater convenience and comfort.

Through consumer finance, we contribute to the affluence of our customers and the development of society.

Long-Term Vision

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

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

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

JACCS’ Founding Philosophy

信 為 萬 事 本

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

Code of Conduct and Ethics

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

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

To Our Stakeholders



Ryo Murakami

President, COO and Representative Director

Toru Yamazaki

Chairman, CEO and Representative Director

Looking back over my first year as President, COO and Representative Director

—Working to disseminate the essence of “MOVE 70” among all employees

JACCS' three-year medium-term business plan, “MOVE 70,” commenced simultaneously when I assumed the office of President, COO and Representative Director. On a personal level, I feel particularly invested in this plan since it was my privilege to lead the project to formulate the plan and I was responsible for its naming. Following the plan's launch, which coincided with the gradual lifting of restrictions placed on economic and social activities during the COVID-19 pandemic, I visited our sales locations to see for myself the conditions in the market and talk directly to JACCS employees. This included visits to operational centers in Tokyo and Osaka, as well as to the four countries in which the JACCS Group has overseas operations. These efforts focused on communicating the aims of MOVE 70 and what the plan should accomplish.

One of the points I wished to articulate strongly to employees is that while implementing the business plan we will face all kinds of challenges. In these situations, rather than leaving others to deal with issues, I appealed for employees to take problems on board as their own and act on that basis. The other point I wanted to emphasize was that as people working in the financial services sector—where trust rests on the people you have in your organization—we need to deal with people both inside and outside the Group in the utmost good faith. I was able to see firsthand how broadly and deeply MOVE 70 has permeated throughout the Group, and share with everyone the essence of MOVE 70. I also had the opportunity to directly participate in training programs for our younger employees, including new recruits. Hence, I believe that my first year in this role was an extremely meaningful one.

Review of fiscal 2022, ended March 31, 2023

—All targets met in the first year of MOVE 70

First of all, in shopping credits within the credit business, one of the key characteristics of the business is JACCS' thorough market coverage spanning a broad range of business categories. This distinguishing feature had a positive impact. Although some categories naturally suffered a slump during the COVID-19 pandemic, conversely, the pandemic spurred growth in other categories. As such, weakness in some areas was offset by strength in others. Leveraging JACCS' nationwide network of sales offices and member stores, frontline staff accumulated and conveyed information useful in the development of new products and services. For example, we successfully promoted medical loans, typically for such purposes as dental work or hair removal treatments. Furthermore, we made steady progress in bolstering our presence in the e-commerce channel. This complements our focus, to date, on sales through brick-and-mortar stores. In auto loans—where imported vehicles account for half of the volume of new contracts—despite delivery delays for new vehicles, we were able to soundly grow the volume of new contracts based on successful efforts to adjust our marketing programs in coordination with vehicle importers' strategies to strengthen used vehicle sales. With regard to specialized used-vehicle dealerships, our vigorous sales programs paid off vis-à-vis large-scale dealerships—driven by the rapid rise in demand and prices for used vehicles. Through the activities outlined above, in the credit business both shopping credits and auto loans achieved increases in the balance of deferred installment income, thereby strengthening the future earnings base.

In the credit card and payments business, against a backdrop of the lifting of restrictions on activities, we significantly grew the acquisition of new card members via a broad range of marketing channels, and the volume of new contracts for card shopping rose. With regard to revolving-payment shopping and revolving-payment cash

advances—which have a particularly large impact on operating revenue—although the balance of operating receivables in these two categories had been on a declining trend owing to the COVID-19 pandemic, during the fiscal year under review the volume of new contracts shifted into positive growth territory. In fiscal 2023, we are forecasting the balance of revolving-payment shopping to move into positive growth, and hence we believe that operating revenue in this business will further improve in the near term.

In the financing business, although the volume of new contracts for housing loan guarantees decreased compared with the previous fiscal year, since our market share in fiscal 2021 had been quite high, our initial business plan formulation already assumed a decrease. However, since the balance of housing loan guarantees grew as anticipated, we take a positive view of operating revenue trends in housing loan guarantees.

In the overseas business, I would like to highlight two points of appraisal for the fiscal year under review. In terms of operating performance, the Group achieved increases in the volume of new contracts in all four overseas markets, and from an organizational perspective we were able to strengthen corporate governance. On the latter point in particular, we had long recognized the need to address issues in this area. While sales and marketing functions are handled by the International Business Department, various other functions—including compliance, finance, and IT systems—are now conducted based on a structure whereby the corresponding department at JACCS in Japan deals directly with the staff responsible at each local affiliate company overseas without having to conduct communications via the International Business Department. Through this organizational change, we now have a better grasp of the situation at each overseas affiliate, and I believe that we are able to exercise corporate governance more effectively than was the case previously.

Review of progress on the three-year medium-term business plan, MOVE 70

—Steady progress toward how the Company should look in three years' time

My overall assessment after completion of the initial year of MOVE 70 is that things are moving at an appropriate pace. The Group has made steady progress—in line with our schedule—toward how it aims to look in three years' time.

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

The major strengths of the Company's domestic business are: three businesses that generate sound earnings; as mentioned above, our nationwide network of sales offices and sales staff, which is responsible for operations of the credit business; this network's ability to rapidly take advantage of new earnings opportunities; and the steady buildup of the balance of deferred installment income and balance of guarantees. First of all, I would like to reiterate that the domestic business is progressing soundly, as we fully exploit our strengths and presently work to enhance the earnings base.

In addition, one of the themes for the expansion of the domestic business' earnings base is the Group's contribution to the realization of a decarbonized society. With regard to this point, we believe that we can increase our contribution by expanding our handling of such products as solar power generation equipment, storage batteries, and electric vehicles (EVs) in the credit business. Leased vehicles account for a significant portion of the EV market. With this as a major consideration, we entered into a capital and business alliance with Mitsubishi Auto Leasing Corporation in February 2023. In working to strengthen our business relationships with EV importers, we determined that the knowledge of Mitsubishi Auto Leasing was necessary, and decided to enter a capital and business alliance with the company.

Another theme is strengthening our capabilities in the digital sphere. At present, we are collaborating with affiliate stores in their smartphone app development. We plan to release a new product in fiscal 2023 through which JACCS will provide payment functions within such apps. In another DX-related move, we are working assiduously to enhance operational efficiency through the introduction of chat support and robotic process automation (RPA) at three types of operations centers—credit screening centers, customer centers, and collection centers. These operations centers underpin our three robustly performing domestic businesses.

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

The overseas business has overcome the impact of the COVID-19 pandemic, and has at last reached the stage of being able to anticipate profit growth. To further grow the volume of new contracts overseas, we are planning to expand our geographic sales territory in each country, establish new sales offices, and develop smartphone apps. In addition to these measures, we have identified another important theme—raising the level of sophistication of credit screening and receivables collection. Based on the corporate governance structure mentioned earlier, we recently established the Risk Supervisory Department, which also covers the overseas business. Compared with our domestic business, the overseas business is still in the process of developing its sales base. However, it is our policy to proactively gather information in preparation for possible entry into ASEAN regions in which we do not yet operate.



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

JACCS is promoting two specific mainstays in this area—strengthening its strategic partnership with Mitsubishi UFJ Financial Group, Inc. (MUFG), and increasing the sophistication of risk management systems.

Regarding strengthening our strategic partnership with MUFG, we are working to increase personnel-related exchanges, and are pursuing ongoing discussions aimed at new product and service development that leverages DX—including in overseas operations. JACCS handles guarantee operations for MUFG Bank's "Net DE Loan" product, and during fiscal 2023 we expect the balance of guarantees to reach ¥100 billion. We intend to further promote discussions with MUFG with the view to increasing the guarantee balance to over ¥200 billion in the future.

In the area of increasing the sophistication of risk management systems, in addition to "defensive risk management"—which has been our mainstay approach to date—the Group is also focusing efforts on "offensive risk management" as a means of achieving targets and performance indicators. In this context, credit risk and financial costs take on particularly crucial importance.

JACCS has substantially grown the volume of new contracts in three areas—

imported vehicles, home renovation, and studio condominiums purchased for investment purposes. However, since each of these categories may be characterized as targeting customer segments with low credit-risk profiles, even if these were to further increase, it is our view that credit risk in the domestic business would not rise significantly. In contrast, in the overseas business, a rise in the volume of new contracts is accompanied by a commensurate increase in credit risk. To avoid being forced into a reactive approach vis-à-vis country risk in each of our overseas operations, the functions of the aforementioned Risk Supervisory Department will play a crucial role. Furthermore, we are committed to ensuring robust communication between JACCS headquarters and the local affiliates.

I now wish to briefly explain about financial costs. To date, the Company has mainly focused on the provision of fixed-interest products and services. However, henceforth, to improve our capacity to respond even when interest rates rise, our policy is to introduce and expand variable-interest products and services. Within this process, the Business Strategy Department and the Finance Department will work together closely to develop and integrate sales and financial strategy. With regard to the post-handling securitization of receivables, we will be even more conscious of this than we have been to date when selecting fields to be strategically targeted.

Promoting a DX strategy

—While utilizing big data, implement DX that will lead to new earnings

The original aim of DX is to "generate new earnings." From that perspective, we must honestly recognize that JACCS has only completed the initial stage of DX—that is, the part focused on cost reduction.

Against this backdrop, shortly after the start of 2023 the Company offered a training program focused on the development of human resources with advanced digital skills, for which employees below the rank of section manager were eligible. While 200 places in the program had been planned for, the Company received applications from 400 employees who wished to participate. In the end, the Company

accredited all 400 applicants as program members, and subsequently it asked participants to examine themes for issues that they wanted to resolve through DX. The number of themes submitted was greater than we had expected. The DX Promotion Department is taking the lead in a process currently underway to carefully review and prioritize these themes, while keeping in mind the perspectives of "What can be done by using the big data held by the Company?" and "DX investment that ties into JACCS' core business and will assuredly lead to revenue and profit."

Initiatives related to sustainability

—Female director appointed in Indonesia

To illustrate the Company's moves relating to sustainability management, below I would like to explain the status of key initiatives undertaken by JACCS in each of the areas of materiality identified by the Company.

Providing safe and secure services that offer a high level of convenience

The utilization of digital technologies should be viewed not only from the perspective of improving convenience but also as infrastructure through which we steadfastly protect customer information. We believe that this latter perspective is the key, both

in Japan and overseas. Although we have deployed extremely robust security in Japan, our overseas operations are at the stage of working to further strengthen security. Since each overseas affiliate runs its own system, in April 2022 the Company established an organizational unit at JACCS headquarters to expertly examine the systems of overseas Group companies. Furthermore, JACCS has decided to assign IT system-related staff from Japan to each of its overseas subsidiaries. Although some of the countries in which JACCS operates have yet to enact legal frameworks for the protection of personal information, some countries have embarked on the process

To Our Stakeholders

of newly establishing such laws. We anticipate that in the future there will be a progressive tightening of protection of personal information overseas. Hence, JACCS is committed to responding soundly to this trend.

Respecting diversity and human rights

Human capital

Although the most recent employee engagement survey carried out by JACCS showed good results overall, we identified needs in three areas—the personnel system, new products and services and enhancement of operational efficiency, and internal communication. Based on analysis of these results, the Personnel Department is currently moving forward with a review to facilitate the introduction of a new personnel system.

It is my view that regarding requests related to the personnel system, remedying the pay gap between male and female employees will become the crux issue. There is a pay difference between Global employees, who are subject to transfers anywhere within the Group, and Regional employees, who are not subject to transfer. We plan to implement reforms on these points under the next personnel system. Regarding requests related to new products and services and enhancement of operational efficiency, we intend to make improvements through the DX strategy I outlined earlier. With regard to requests related to internal communication, the Company has decided to abolish the uniform communication-related guidance given to managers until now. To replace this, the Company will subdivide the organization by branch or area block, and guidance will be carried out in accordance with the environment of each organizational unit. To ensure that these moves toward resolving the Company's issues do not become one-sided, I will convey the message to employees that I want them to generate sound results through their work.

Promoting the advancement of women

When discussing the promotion of advancement of women, there is a tendency to focus on the ratio of females within the ranks of management-level positions. However, at JACCS we are promoting the active participation of female employees, both at management level and those below whose post involves having subordinates. While undertaking efforts to encourage a change in consciousness among female employees, who have a tendency to pass up on opportunities to take promotion examinations, we want to continue promoting the advancement of female employees through the decisive appointment of women to section manager positions, and ultimately we look forward to the day when a female director is appointed after having advanced through the Group's management ranks. Meanwhile, JACCS' affiliate in Indonesia appointed a woman from within its internal management ranks as a member of the board. In Indonesia, there is a national examination for those wishing to become company directors, and this JACCS employee successfully passed the examination and was appointed as a director.

Human rights

The Personnel Department is currently engaged in the preparation of three documents—the Group's human rights policy, human rights due diligence procedures, and human rights remedial measures. Currently, although we are not aware of any major human rights-related problems occurring in Japan or abroad, since there is a slight lag overseas in a portion of the human rights legal framework compared with Japan, the International Business Department is working in parallel to make a careful judgment on whether or not JACCS would be able to respond using uniform criteria across the entire Group. In addition, with regard to our overseas business, the Audit Office pays direct visits and conducts direct interview-based surveys to ascertain whether or not local employees have any human rights problems.

Addressing a situation in which the price-to-book (P/B) ratio falls below 1

—Through ongoing, sincere dialogue with shareholders and investors, JACCS aims to build the expectation of future growth and win confidence

Return on equity (ROE) rose for the second successive fiscal year. In fiscal 2022, ROE was 11.1%, an increase of 0.8 percentage point compared with the previous fiscal year. I recognize that in all likelihood this has risen to a level that exceeds the cost of equity. Generally speaking, if a company's ROE exceeds 10%, the P/B ratio would be expected to stay above 1. However, since this is not the case for JACCS at present, my honest perception is that this situation probably reflects our inability to engender a sense of expectation and confidence among investors regarding the Company's medium- to long-term growth.

In the area of shareholder return, while working to raise the level, we will continue to pursue genuine dialogue with shareholders and investors. Within this, we will communicate such points as the future prospects of each of JACCS' businesses and the outlook for the next medium-term business plan. Through this process, we aim to build expectations and confidence among stock market participants vis-à-vis the Company's growth.

A message to our stakeholders

—JACCS is working vigorously toward the second- and third-year goals of MOVE 70

I would like to take this opportunity to once again offer my sincerest gratitude to shareholders and investors, consumers, business partners, and local communities for their continued support. In addition to those already mentioned, thanks to the support of all our stakeholders, including employees, we successfully completed the first year of MOVE 70, our three-year medium-term business plan, having achieved a robust performance in which we reached all our stated targets. However, we will not by any means let this success lead to complacency. Hence, we remain committed to striving for the steady execution of the range of measures promoted under MOVE 70, as we aim for how the Company should look in three years' time.

Specifically, in the domestic business our highest priority is on responding to financial costs. Since the credit business is subject to the greatest impact from financial costs, we will raise interest rates on a portion of products and services. Furthermore, while working to avoid risk by introducing variable-interest products in home renovation loans, we will expand loans for decarbonization-related products

as we aim to stabilize earnings. In the credit card and payments business, against a background of revolving-payment balances moving into positive growth, we will steadily generate earnings in the credit card field. In the financing business, the reality is that it is difficult to envisage a scenario of rapid future expansion in housing loans. However, if the volume of new contracts achieves reliable year-on-year growth, the balance of guarantees will not fall. Consequently, our policy is to strive for stable earnings underpinned by the balance of guarantees.

Based on what I have outlined above, if I were to describe the larger medium-term management trends in candid terms, the Company will generate sound profits in the credit and financing businesses, and these profits will be invested in the credit card and payments business and the overseas business. Hence, we aim to nurture the latter two businesses to become mainstays. The Group will resolutely continue to evolve and grow, and respond to the expectations of its stakeholders. In these endeavors, I look forward to your ongoing support of the JACCS Group.



September 2023

R. Murakami

Ryo Murakami
President, COO and Representative Director

Strengths of the JACCS Group

Solid Business Base in Japan

Buildup of a balance that will generate stable earnings



Balance of guarantees

- Housing loan guarantees

¥2,467.6 billion



- Personal loan guarantees for financial institutions

¥572.5 billion

Balance of deferred installment income

¥220.0 billion

JACCS services network throughout Japan

63

offices

3

housing loan centers

8

guarantee branches

JACCS has established a strong position in the imported-vehicle market through alliance partnerships with a large number of imported-vehicle brands



Imported-vehicle partner brands:

More than **20**

JACCS has accumulated knowledge and established a solid business network in the market for studio condominiums purchased for investment purposes



History of the business:

Over **50** years

Back-office functions are performed by several administrative processing centers in Japan, and has assured business continuity



Number of business locations responsible for credit screening / claims management / customer service:

15

Issue and Response

Issue Curtailment of expense ratio*

Response In addition to ongoing cost structural reforms, JACCS is working to raise productivity and increase operational efficiency through the promotion of DX.

* (Personnel expenses + Property expenses + IT system expenses) / Operating revenue

Steady and Sound Management

Steady growth based on a management philosophy that puts the highest priority on maintaining the trust and confidence of stakeholders

- Both consolidated total operating revenue and non-consolidated total operating revenue have set a new record high for 10 consecutive fiscal years (FY2013–FY2022)
- Ordinary income has set a new record high for two consecutive fiscal years (FY2021–FY2022)
- Dividends have increased or held steady for 14 consecutive fiscal years (FY2009–FY2022)

MUFG Group

JACCS plays a part in MUFG's retail strategy, centering on the credit business and financing business

Balance of guarantees in the "Net DE Loan" collaborative business with MUFG Bank, Ltd.

¥85.3 billion

Business Development in the ASEAN Region

Since 2010, JACCS has progressively entered markets in four countries in the ASEAN region, where high economic growth is forecast

JACCS is leveraging the know-how it has cultivated in Japan in the sales finance business, and is contributing to economic development in the ASEAN region

Phnom Penh, Cambodia

JACCS MICROFINANCE (CAMBODIA) PLC.

Entered the market in 2017

Balance of operating receivables

¥5.6 billion

Jakarta, Indonesia

PT JACCS MITRA PINASTHIKA
MUSTIKA FINANCE INDONESIA

Entered the market in 2012

Balance of operating receivables

¥62.3 billion

Ho Chi Minh, Vietnam

JACCS International
Vietnam Finance Co., Ltd.

Entered the market in 2010

Balance of operating receivables

¥28.9 billion

Pasig, Philippines

JACCS FINANCE PHILIPPINES
CORPORATION

Entered the market in 2016

Balance of operating receivables

¥11.6 billion

Issues and Responses

Issue Increase in financial expenses driven by sharp fluctuations in exchange rates and increases in funding interest rates

Response JACCS hedges a portion of foreign exchange risk through the use of derivative transactions, and sets appropriate fees.

Issue Increase in expenses related to doubtful accounts, driven by changes in the economic cycle

Response Through an increase in the sophistication of receivables management, including that driven by IT system investment, JACCS has curbed the occurrence of claims in arrears.

JACCS has built a high-quality portfolio of operating receivables through sound credit screening and claims management

- Aggregate balance of operating receivables (Non-consolidated) **¥6,820.0 billion**
Including finance receivable-installment sales-credit guarantee
- Ratio of receivables in arrears (Non-consolidated) **0.43%**
- Ratio of write-off of doubtful accounts (Non-consolidated) **0.22%**

Since JACCS lowered, at an early stage, the maximum interest rate charged on cash advances, the impact from repayment of excess interest payments is minimal.

- Amount of repayment of excess interest payments **¥230 million**
- Balance of allowance for loss on interest repayment **¥690 million**

Realization of continuous growth through close cooperation on the fundraising side

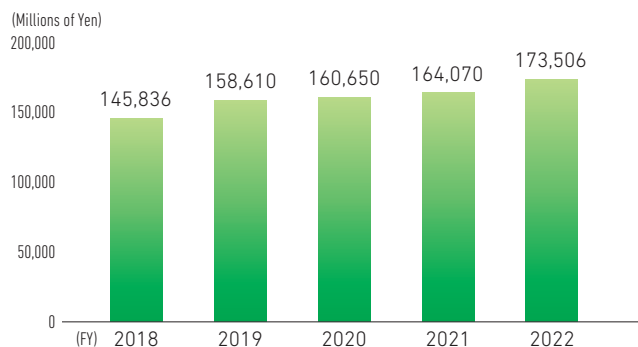
Fundraising balance of securitization of receivables centering on collaboration with Mitsubishi UFJ Trust and Banking Corporation **¥735.7 billion**

Credit enhancement by the MUFG Group

R&I Long-term: A Short-term: a-1 JCR Long-term: A+ Short-term: J-1 (On December 20, 2022, JCR raised JACCS' long-term rating from A to A+.)

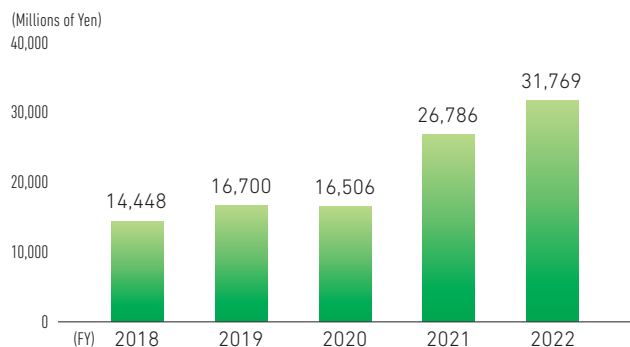
Financial and Non-Financial Highlights

Total Operating Revenue



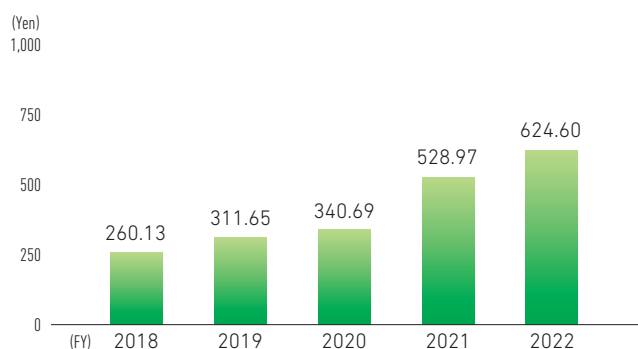
Total operating revenue grew 5.8% year on year due to an increase in the balance of deferred installment income and the balance of loan guarantees, in addition to the expansion of volume of new contracts, resulting in an increase in operating revenue for the 10th consecutive fiscal year.

Ordinary Income



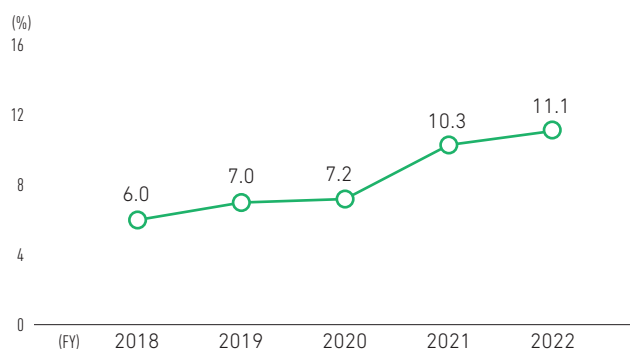
Ordinary income increased 18.6% year on year, significantly surpassing the record.

Net Income per Share—Basic



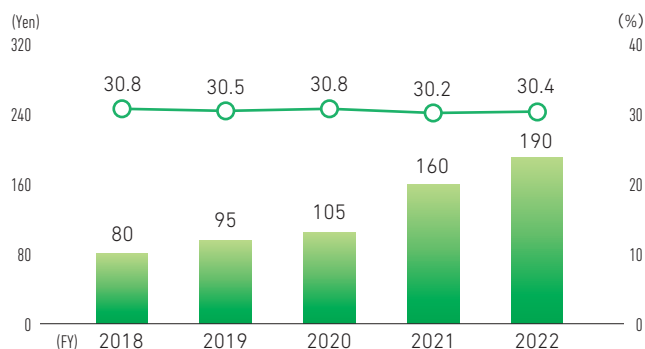
Net income per share—basic increased ¥95.63 year on year as a result of record-high net income attributable to owners of the parent.

ROE



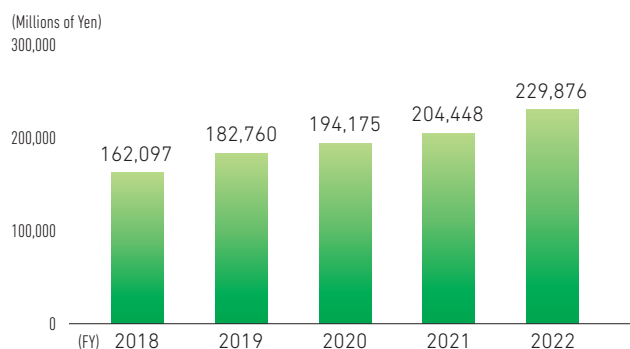
ROE increased 0.8 percentage point year on year.

Cash Dividends per Share and Dividend Payout Ratio



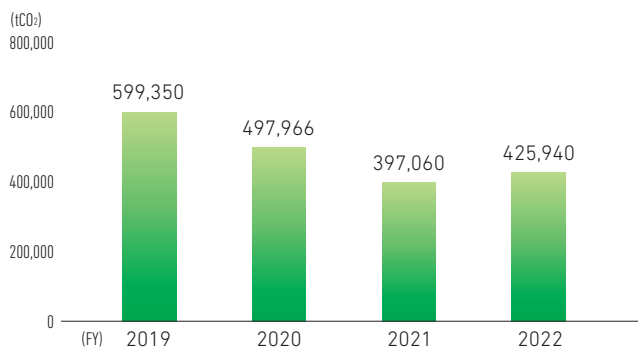
Cash dividends per share increased ¥30.00 year on year, and the payout ratio increased 0.2 percentage point year on year.

Balance of Deferred Installment Income



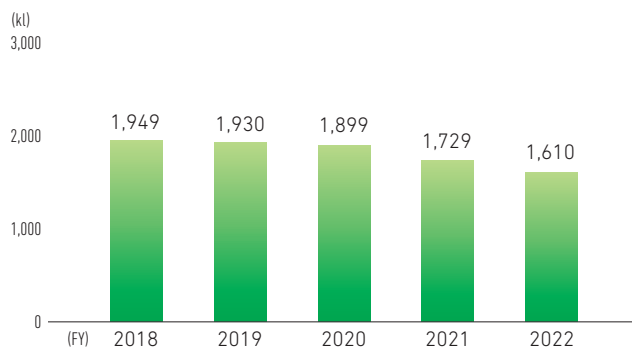
The balance of deferred installment income increased 12.4% year on year due to the expansion of our business, contributing to revenue growth as a stable revenue base.

Total GHG Emissions (Scope 1 + Scope 2 + Scope 3)



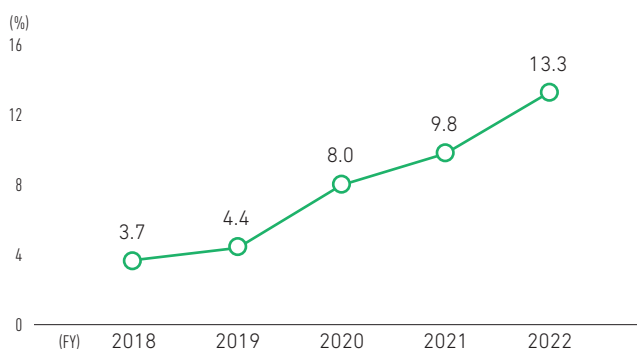
Greenhouse gas (GHG) emissions increased 7.3% year on year.

Energy Consumption*¹



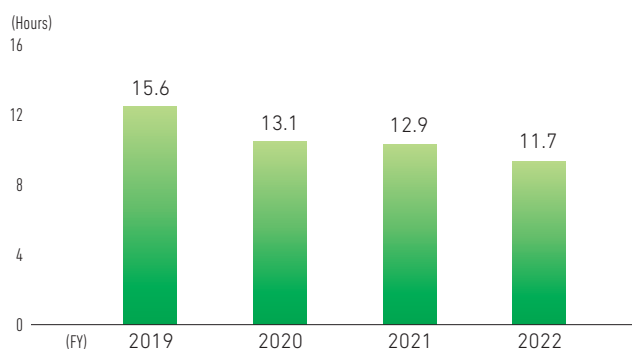
Energy consumption decreased 6.9% year on year due to the promotion of energy conservation activities.

Ratio of Female Employees in Management Positions*^{2, 3}



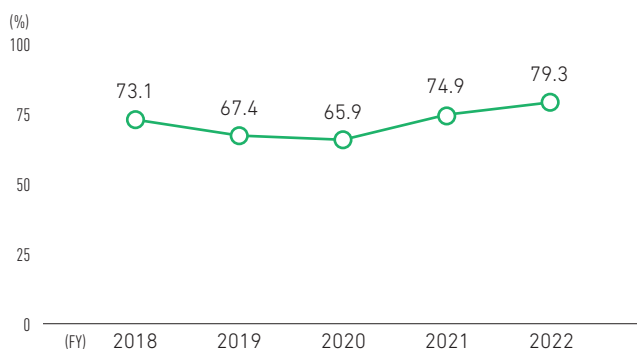
We have set a target for the ratio of female employees in management positions, and are actively promoting female employees, in addition to education efforts. The ratio of female employees in management positions increased 3.5 percentage points year on year.

Employees' Average Monthly Overtime Hours*^{2, 4}



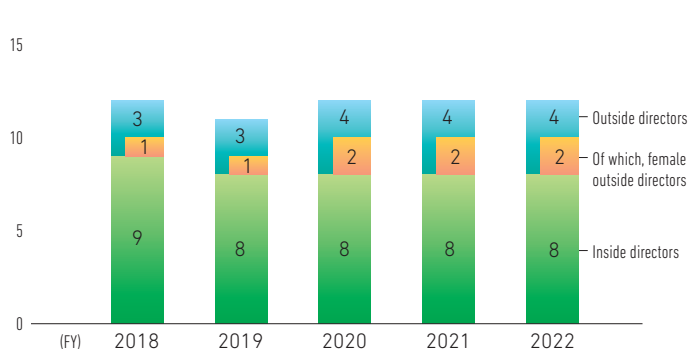
We promote work-life balance, and the average overtime hours per month decreased 9.3% year on year.

Average Ratio of Allocated Annual Leave Days Taken by Employees*²



The average ratio of allocated annual leave days taken by employees increased 4.4 percentage points year on year.

Composition of the Board of Directors*²



The number of outside directors and female directors on the Board of Directors remains unchanged year on year.

*1 Non-consolidated and domestic consolidated subsidiary basis

*2 Non-consolidated basis

*3 Female managers with a rank of section manager or higher, as of April 1 following the end of each fiscal year

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

Sustainability Management

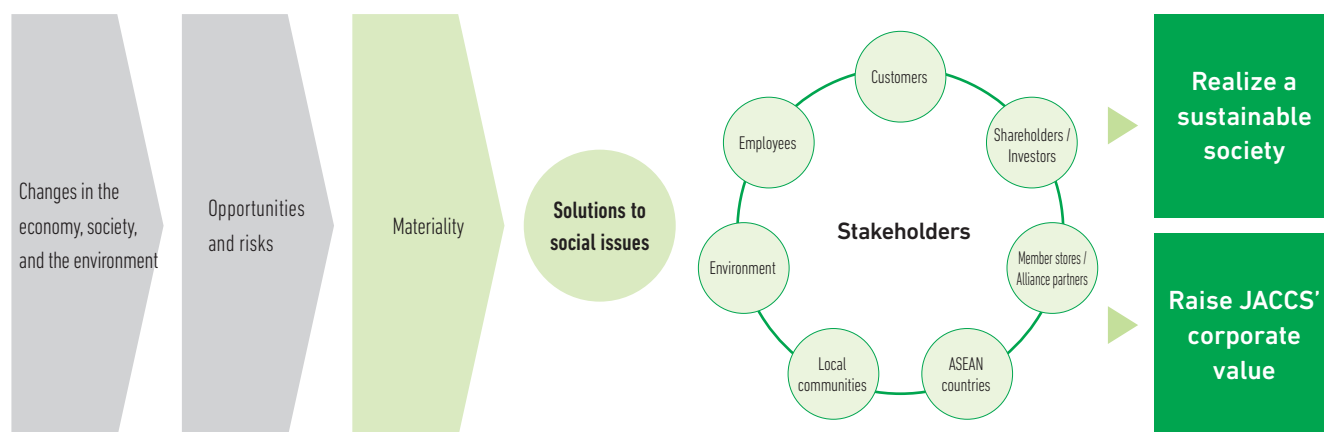
The JACCS Group accurately identifies opportunities and risks stemming from changes in the economy, society, and the environment, and contributes—together with stakeholders—to economic development and conducts its corporate management to help realize a sustainable society. The Group operates its business activities based on the Basic Policy on Sustainability while addressing social and environmental issues.

Basic Policy on Sustainability

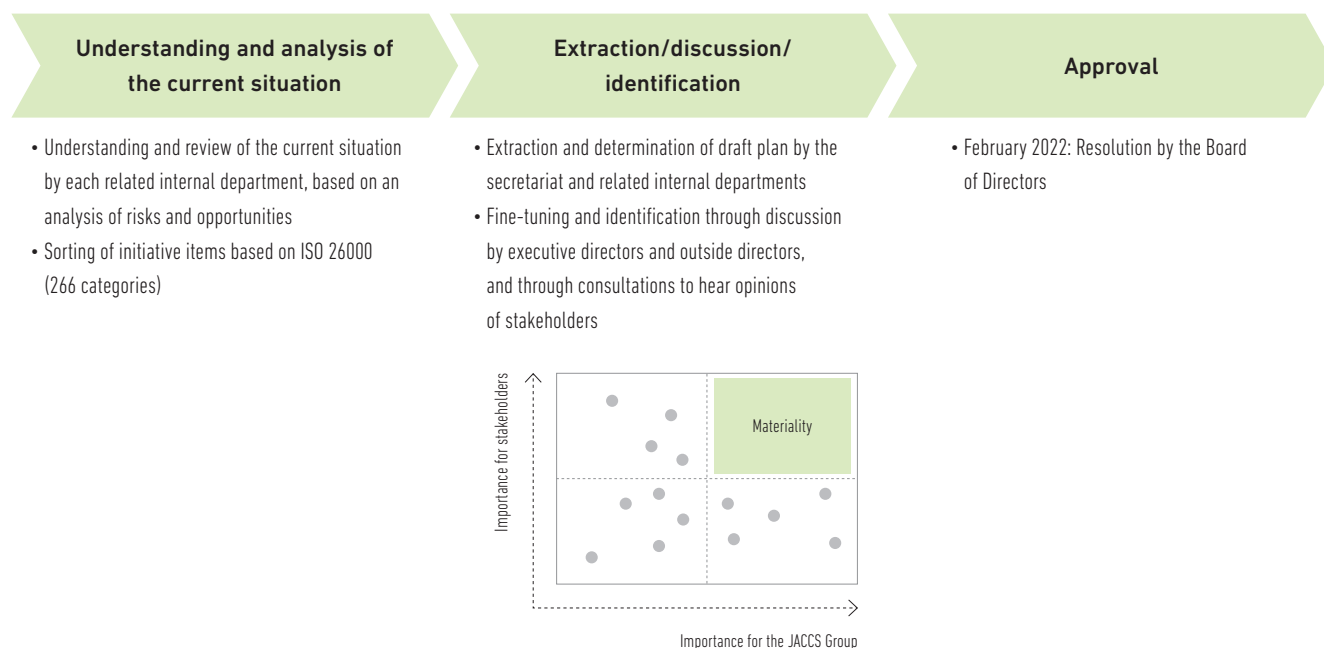
Based on the management principle that “JACCS contributes to the realization of a future inspired by dreams and an affluent society,” the JACCS Group contributes—through its business operations—to solutions to the challenges faced by society, while maintaining the confidence and trust of its stakeholders.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

(Established in November 2021)

Concept of Sustainability Management



Materiality Identification Process



Materiality

Area of Materiality	Main Initiatives	Indicators	Results for Fiscal 2022	Targets for Fiscal 2024
Providing safe and secure services that offer a high level of convenience	Service that responds to the trust placed in JACCS by customers and member stores	Response rate	83%	90%
		Ratio of automated receipt of credit screening applications	68%	82%
	Raising the sophistication of information security	Acquisition of certification under the Payment Card Industry Data Security Standard (PCIDSS)	PCIDSS Ver. 3.2 periodic audit	Version 4.0 compliance
		Ratio of detection of fraudulent credit card transactions	61.6%	70%
	Providing financial services as infrastructure to support local communities and livelihoods	Volume of new contracts for home renovation loans	¥125.7 billion	¥141.6 billion
		Volume of new contracts for educational loans	¥17.2 billion	¥19.2 billion
		Volume of new contracts for medical loans	¥26.3 billion	¥27.6 billion
		Volume of new contracts in the overseas business	¥79.6 billion	¥103.1 billion
		Balance of loans for studio condominiums purchased for investment purposes	¥2,495.6 billion	¥3,000.0 billion
	Promoting cashless payments	Volume of new contracts in the credit card and payments business	¥2,740.1 billion	¥2,962.7 billion
Protecting the environment	Measures to reduce environmental burden	Volume of copier paper purchased (compared with fiscal 2021)	(1.7)%	(3)%
		Ratio of web-based credit card statements	44%	50%
		Ratio of eco-friendly vehicles within the Company's vehicle fleet	17%	54%
		Rate of reduction of energy consumption (compared with fiscal 2019)	(16.6)%	(13)%
	Addressing climate change	Rate of reduction of CO ₂ emissions (compared with fiscal 2019)	(11)%	(18)%
Contributing to the realization of a decarbonized society	Promoting decarbonization through financial services	Volume of new contracts for solar loans	¥48.4 billion	¥33.1 billion
		Volume of new contracts for storage battery loans	¥33.8 billion	¥32.1 billion
		Volume of new contracts for EV loans	¥22.7 billion	¥40.0 billion
		Fundraising through ESG finance	¥34.3 billion	¥30.0 billion
Respecting diversity and human rights	Promoting diversity and inclusion	Ratio of female employees among employees who hold the position of section manager or higher, or employees who have subordinates and hold a position one rank lower than section manager	32.5%	35%
		Number of employees certified as possessing advanced digital skills	Completion of system creation	400 persons
	Respecting human rights	Establishment of a system in accordance with the UN Guiding Principles on Business and Human Rights	Examination of human rights policy content	—
	Promoting health and productivity management	Employees' average monthly overtime hours	11.7 hours	12.0 hours
	Undertaking social contribution activities	Donation amount	¥19.38 million	¥30.0 million
Advancing the quality of corporate governance	Strengthening risk management	Competent application of the management cycle	Quantification of risk Creation of management cycle structure	—
		Improvement of AML system	Creation of AML/CFT system Identification and assessment of ML/FT risk	—
	Continuation of compliance		Issuance of ethics cards	
		Ongoing execution of education and training programs	Implementation of compliance risk reduction	—

History of the JACCS Group

The history of the JACCS Group over the past 69 years has been one of ceaseless challenge to enhance convenience for consumers. This has been underpinned at the foundations of all our businesses by JACCS' founding philosophy, "Trust is the basis for all."



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

1970 » Credit Card and Payments Business

Issuance of credit cards

1959 » Financing Business

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

1972
Began housing loan operations

1954 » Credit Business

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

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

1976
Commenced handling auto loans



Head office building during the Kitanihon Sinyohbai Co., Ltd., era (originally the site of the Hakodate Branch of the former Dai-Ichi Bank)

(CY) 1954

1960

1970

1976

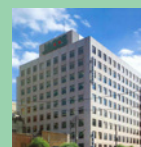
1980

The Course Steered by JACCS

1954
Business founded in Hakodate, Hokkaido

1957–
Entered the Sendai market, and expanded into the Tohoku and Hokuriku regions

1972–
Entered the Tokyo market, and commenced nationwide operations



Transferred head office functions to Tokyo

Rolled out new products and services that enhanced consumer convenience

Operating Environment

Second half of the 1950s
Ownership of the "three sacred treasures" of electrical appliances—a television, a refrigerator, and a washing machine—becomes commonplace among ordinary households in Japan

First half of the 1960s
Growth in consumption as Japan enters the era of rapid economic growth

1985
After the signing of the Plaza Accord by the major economic powers, the Japanese yen steeply appreciates, and overseas travel becomes popular among Japanese consumers. Credit cards move into the international era.

Total Operating Revenue

¥173,506 million



Head office, Ebisu Neonato

2010 » Overseas Business

2010 Entered the Vietnam market
2012 Entered the Indonesia market
2016 Entered the Philippines market
2017 Entered the Cambodia market

Cash Dividends
per Share
¥190



JACCS' internationally accepted credit cards

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

1991
Began issuing JACCS JCB Card

2006
Developed WebBy mobile, the industry's first fully mobile phone-based shopping credit system

2017
Commenced acquiring operations for Mastercard and Visa merchants

2019
Acquired the credit guarantee business of JCB Co., Ltd.

2014
Entered the deferred-payment settlement services market

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

1990

2000

2010

2020

1990–
Remained fully focused on the consumer credit business without being drawn into real estate investment
Not directly affected by the collapse of Japan's real estate-driven "bubble" economy

1997
Lowered interest rates on credit card cash advances
Implemented measures to deal with increase in personal bankruptcies, and acquired members based on strategic differentiation

2001–
JACCS' core computer system, named "JANET," commences operations
Increased sophistication in the management of customer and sales information, and enhanced precision in credit screening led to a significant decrease in the risk of doubtful accounts

2008–
Joined the MUFG Group
Moved to expand the Group's scope of operations, including through business partnerships and expansion of business due to credit enhancement

2010–
Launched overseas business operations, web-based services evolved, pursued ongoing cost structural reforms

1990s
The collapse of Japan's real estate-driven "bubble" economy leads to a slump in consumption and a large fall in land prices

Second half of the 1990s
The financial "Big Bang" moves into full swing. Realignment and consolidation takes place among Japan's major financial institutions, leading to the birth of the country's "mega-banks."

2006
Revision of Japan's Money Lender Business Law

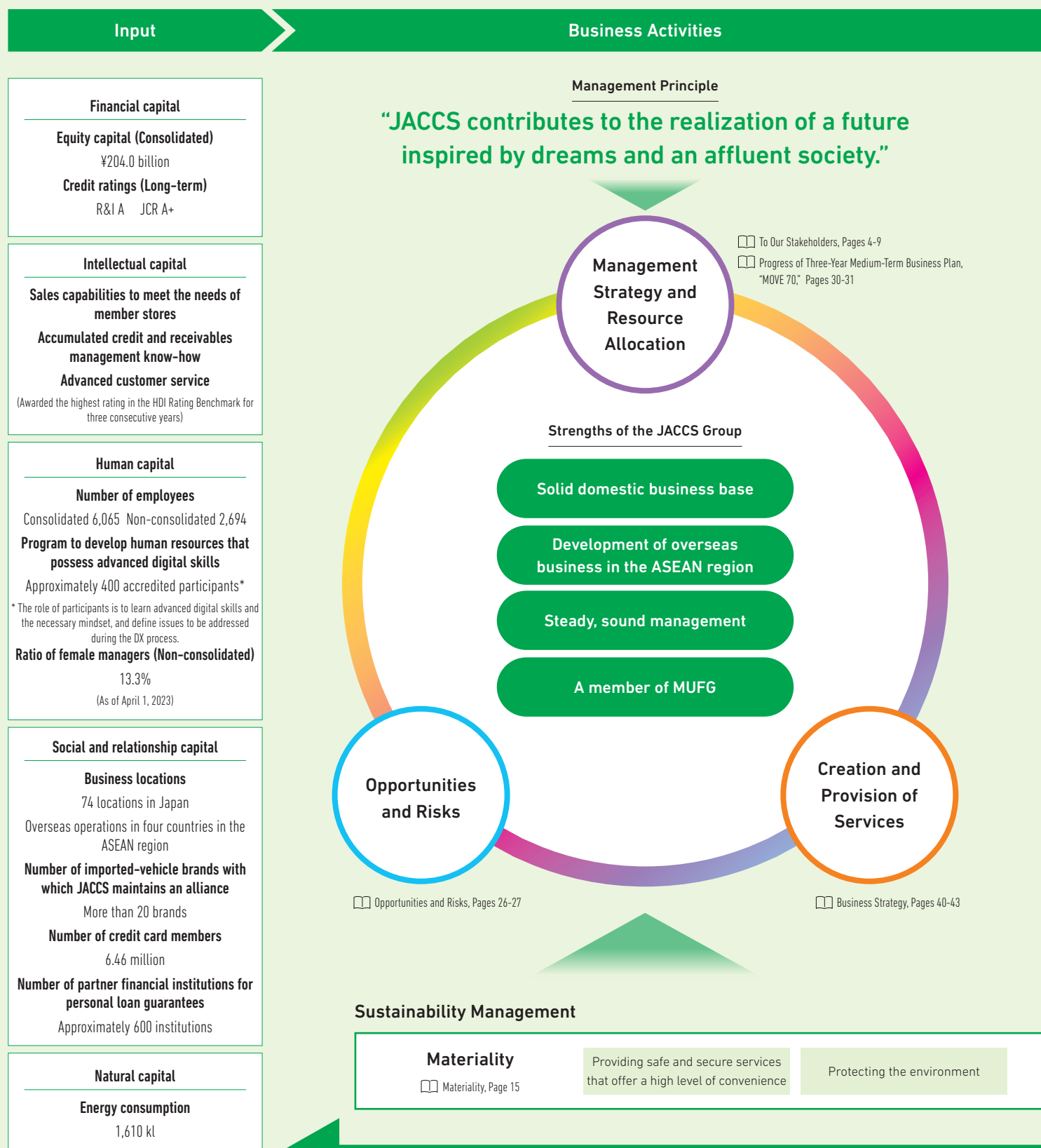
2008
Revision of the Installment Sales Law and Specified Commercial Transactions Law
Global financial crisis

2011
Great East Japan Earthquake
2013
Bank of Japan embarks on quantitative easing

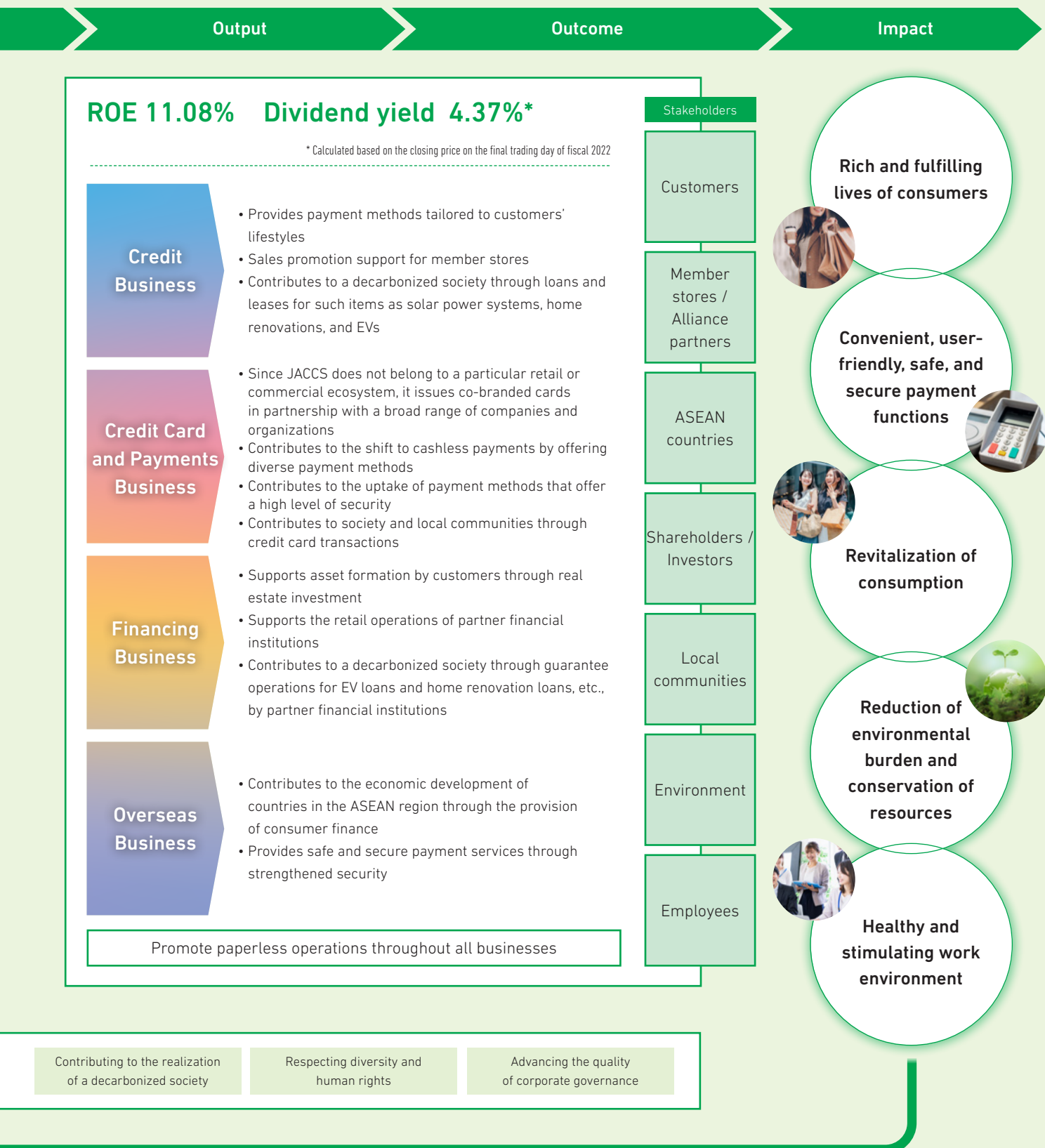
2014, 2019
Increase in Japan's consumption tax rate
2020
COVID-19 global pandemic

Value Creation Process

Operating environment / Challenges	Expansion of e-commerce market Progress of cashless society	Economic growth in the ASEAN region	Spread of decarbonization-related products and services	Climate change Natural disasters Pandemic	Diversification of values and lifestyles	Technological innovation in such fields as IT, AI, and DX
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In response to a broad range of social and environmental challenges, including technological innovation, the diversification of values, and climate change, the JACCS Group manages its capital appropriately and efficiently. In doing so, the Group contributes to the realization of a sustainable society through value creation based on its products and services, and through efforts to protect the environment.



Main Recurring Revenue Business Model

JACCS' earnings structure is a recurring revenue business model that is less susceptible to temporary economic fluctuations, so earnings can be recorded stably.

Credit Business

Business summary

Member stores offer products and services to consumers, and JACCS advances payment to the member stores on behalf of the consumers. The consumers then pay the price to JACCS in installments, and fees are incurred.

Revenue model

The fees can be divided into three types: "installment payment fees paid by consumers," "handling fees paid by member stores," and "both are incurred at the same time."

The installment payment fees paid by a consumer are not recorded as a lump sum but are deferred according to the number of payments. After that, the installment payment fees are recorded as revenue as they become due.

The full amount of the handling fees paid by a member store is recorded as revenue in a lump sum without deferral.

Focus

Installment payments are often for high-priced items (remodeling fees, automobiles, etc.) with the number of payments* stretching over a long period of time. Therefore, when the consumer pays installment payment fees, the profit is deferred over a long period of time, and earnings are stabilized.

* Average number of payments in the credit business (FY2022)
Housing related: 158 payments
Non-housing related: 49 payments
Auto loans: 76 payments

Balance of Deferred Installment Income (Non-Consolidated)

(Billions of Yen)

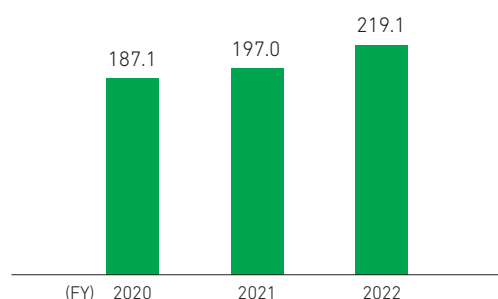
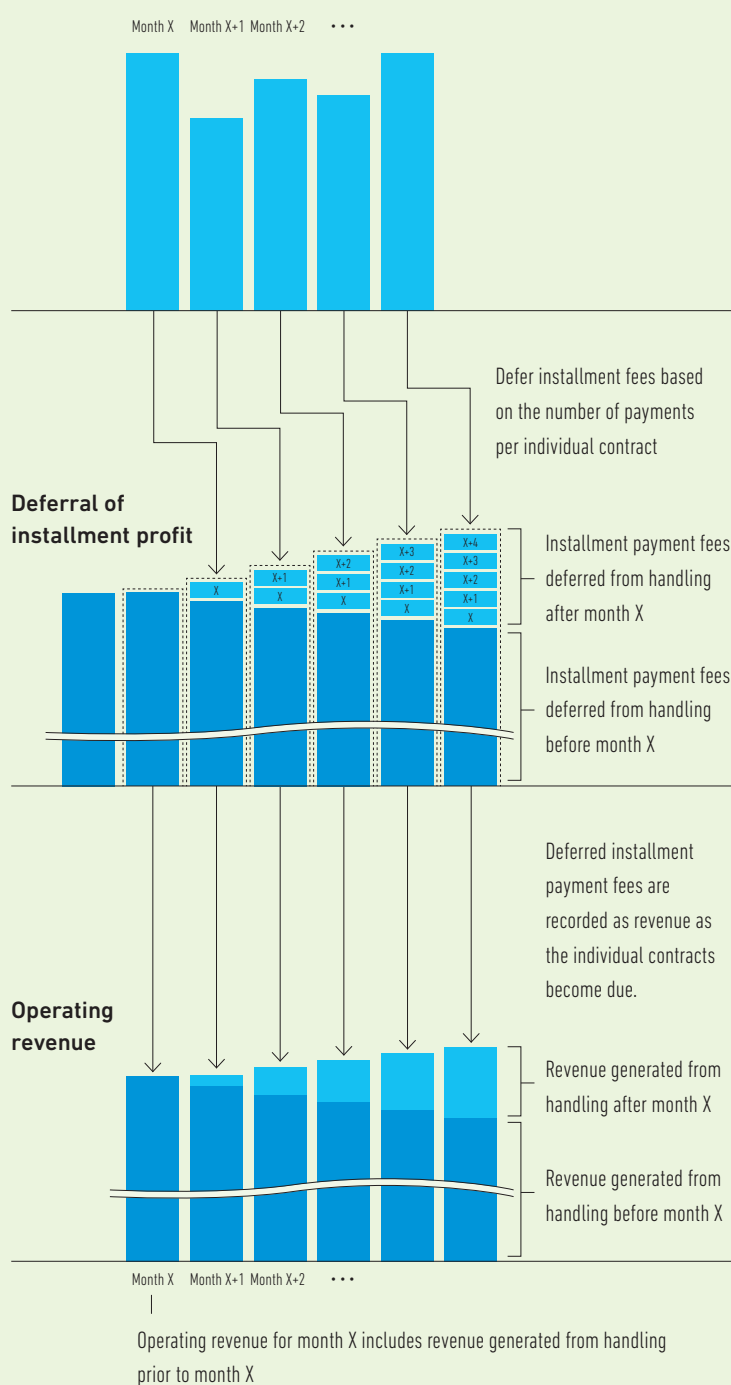


Illustration of Credit Business Revenue (Installment payment fees paid by consumers)

Total amount of fees paid by consumers for new transactions each month



Credit Card and Payments Business

(Revolving-payment shopping,
Revolving-payment cash advances)

Business summary

JACCS cardholders specify revolving payments when using their credit cards. Each month, cardholders pay JACCS the principal according to their revolving payment settings and fees based on the revolving balance.

Revenue model

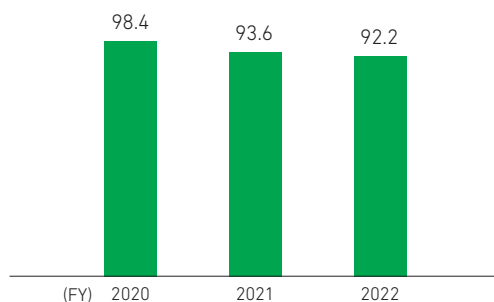
Every month, JACCS receives fees from cardholders based on the balance of revolving-payment and records it as revenue.

Focus

As the use of revolving payments increases and the balance stabilizes or increases, stable earnings can be expected over the long term.

Balance of Revolving-Payment Shopping (Non-Consolidated)

(Billions of Yen)



Balance of Revolving-Payment Cash Advances (Non-Consolidated)

(Billions of Yen)

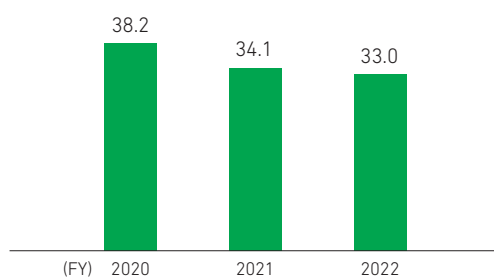
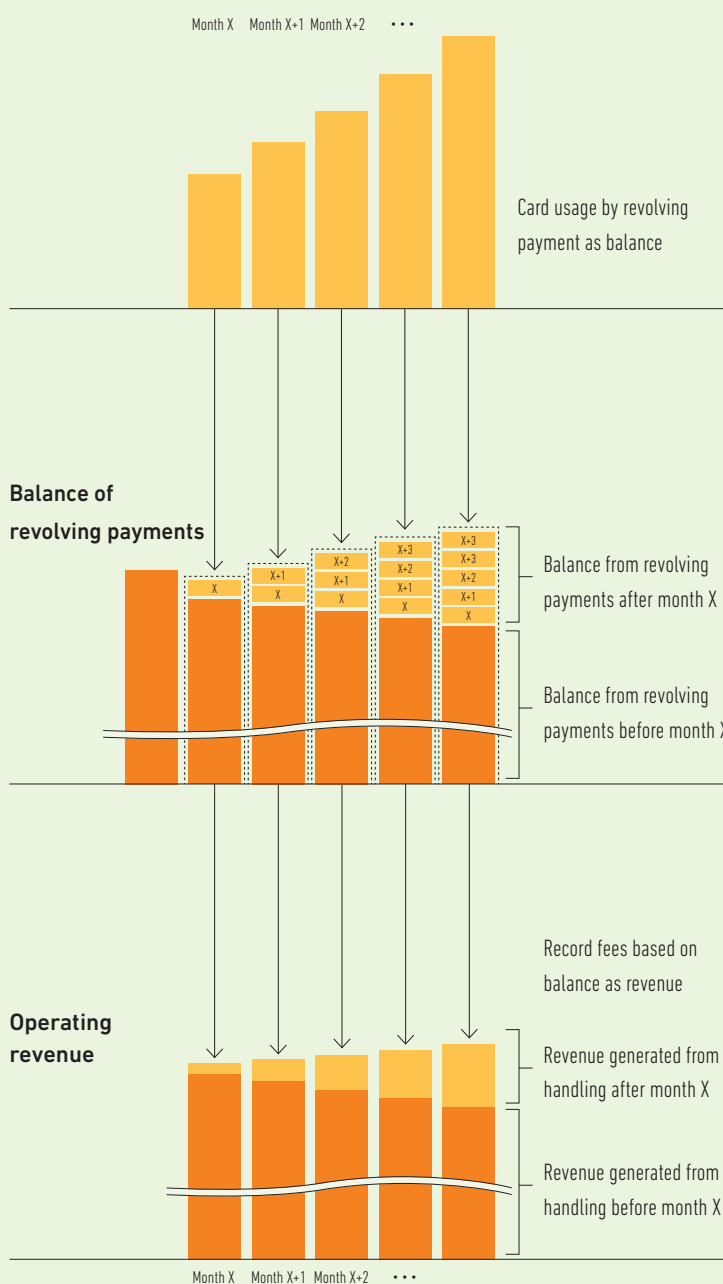


Illustration of Credit Card and Payments Business Revenue (Revolving-payment shopping, Revolving-payment cash advances)

Total amount of card usage by revolving payment each month



Main Recurring Revenue Business Model

Credit Card and Payments Business

(Rent guarantees)

Business summary

In partnership with property management companies and others, JACCS provides guarantees for the rent, etc., paid by tenants of rental properties to the property management companies. JACCS makes advance payments of rent, etc., to the property management companies or others on behalf of the tenants and then collects the rent, etc., from the tenants.

Revenue model

The initial guarantee fee and monthly administrative fees based on the amount of the guarantee and incidental services are recorded as revenue.

Focus

Since the guarantee is for rent, stable earnings can be expected every month once a partnership with a property management company or others is initiated.

Volume of New Contracts of Rent Guarantees, etc. (Non-Consolidated)

(Billions of Yen)

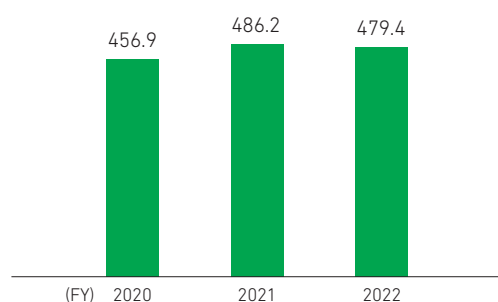
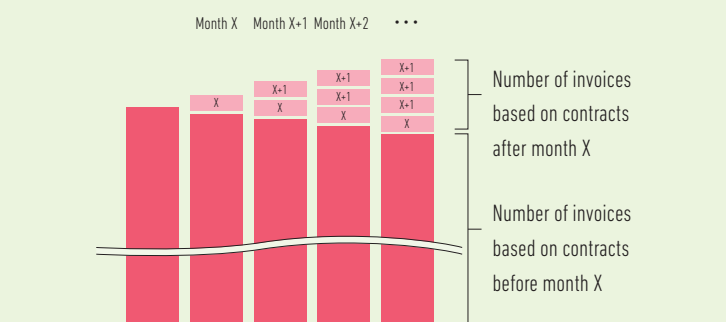
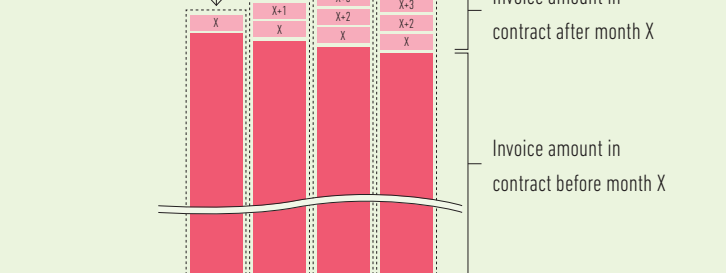


Illustration of Credit Card and Payments Business Revenue (Rent guarantees)

Number of invoices



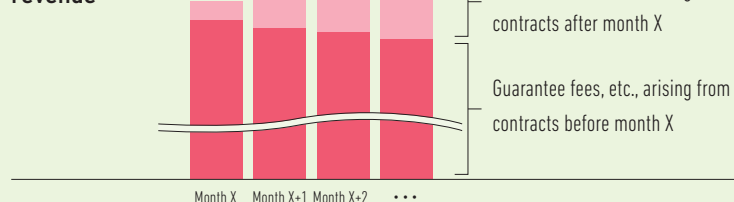
Invoice amount



Partners charge customers rent via JACCS

Recording of guarantee fees, etc., based on the amounts invoiced by partners

Operating revenue



Financing Business

(Housing loan guarantees,
Personal loan guarantees)

Business summary

Financial institutions lend to consumers, and JACCS guarantees the loan contracts. If a consumer fails to repay the financial institution, JACCS makes payments in subrogation to the financial institution on behalf of the consumer.

Revenue model

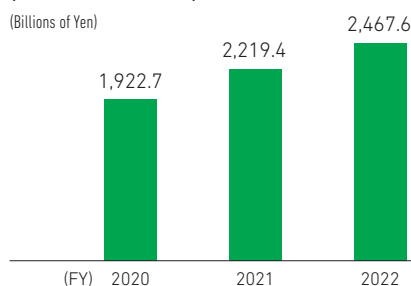
Every month, JACCS receives guarantee fees from the financial institution based on the guarantee balance and records it as revenue.

Focus

Many of the guarantees cover high-amount loans for the purchase of automobiles and real estate, and the repayment period for the loans is long. Therefore, stable earnings can be expected over a long period of time.

Balance of Guarantees for Housing Loans (Non-Consolidated)

(Billions of Yen)



Balance of Guarantees for Personal Loans (Non-Consolidated)

(Billions of Yen)

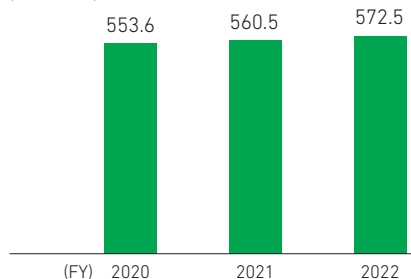
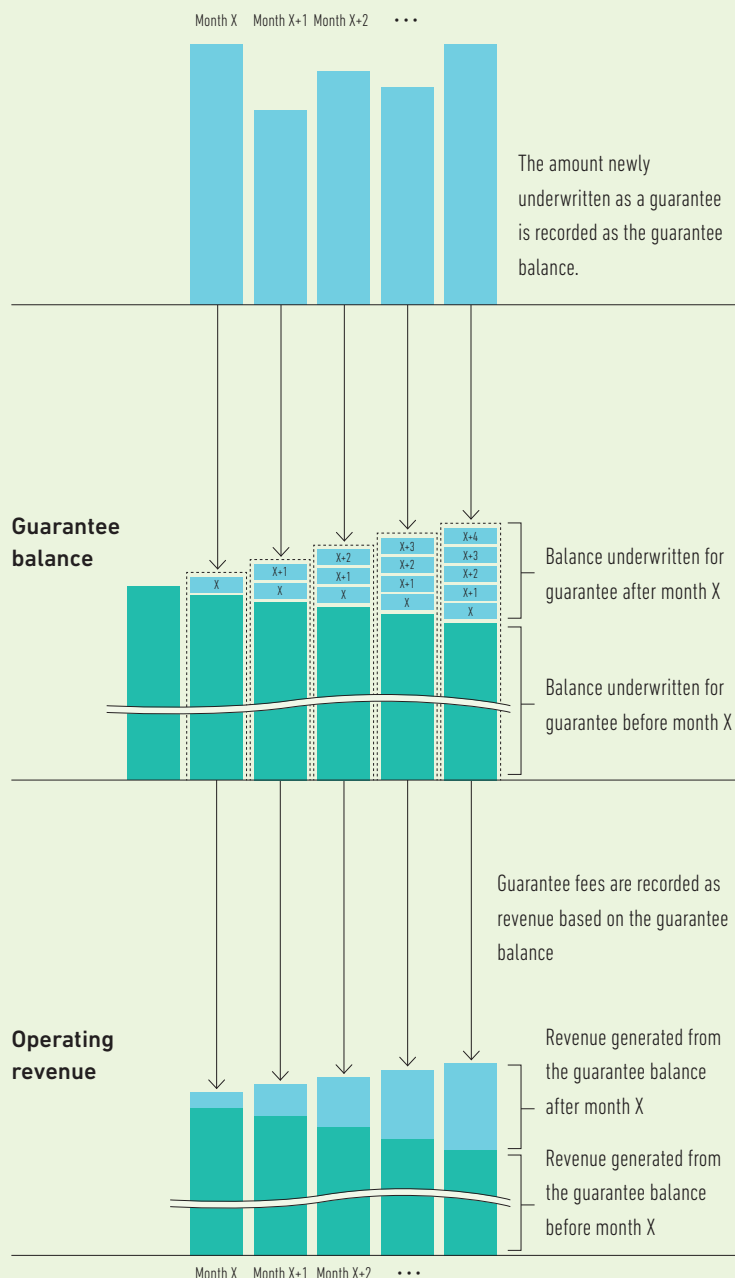


Illustration of Financing Business Revenue (Housing loan guarantees, Personal loan guarantees)

Amount of newly underwritten guarantee



Co-Creation of Value with Stakeholders

Through its business, the JACCS Group has cooperative relationships with various stakeholders, including business partners, customers, and the MUFG Group. By leveraging our respective strengths and co-creating value, we are contributing to resolving issues in the global environment, society, and industrial development.

IBM Japan Ltd.

Contributing to improving service quality with cutting-edge IT technologies



Mr. Yuji Sonku

Senior Partner
Financial Services
IBM Consulting
IBM Japan Ltd.

Since the start of the JANET system construction project in May 1997 (operation started in May 2001), JACCS and IBM Japan have been working together on a number of initiatives utilizing IT, including improving services for customers and member stores and enhancing the efficiency of daily operations and administrative work, by utilizing the latest technologies, including cutting-edge data centers, system infrastructure, and AI.

With this ongoing commitment, we deeply respect that JACCS is playing a major role in social infrastructure and further expanding its value not only in Japan but also on a global level, and we are greatly honored to have the opportunity to share in the history and growth of JACCS.

Based on our strong ties with JACCS, we vow to make further efforts as a true IT partner to adapt to the new era, meet diversifying customer needs, and further improve quality.

Visual Research Co.

Complete outsourcing of rent collection through linkage with systems



Mr. Kazutaka Sakurai

Manager
Sales Strategy Office
Visual Research Co.

For 27 years since its founding, Visual Research has consistently provided systems specializing in real estate operations. Currently, with the aim of growing and developing the real estate industry, we are developing our business to deliver optimal solutions to customers through systems in a wide range of fields in the real estate industry, including introducing essential utilities such as electricity and gas, rent collection, and default guarantees to property owners and management companies.

For rent collection, which is a particularly demanding part of rental management, we formed a business alliance with JACCS in November 2010 to provide a rent guarantee service called the VICCS Series. This service enables the management company to outsource the rent collection and collection agency services it performs to JACCS. Furthermore, the linkage between our system and the VICCS Series enables total outsourcing of rent collection operations, including billing, collection, and payment processing.

We will continue to expand our partnership with JACCS and use the power of technology to further enhance customer service and revitalize the industry.

MUFG Bank, Ltd.

Co-creation of value through the digitalization of products



Mr. Tomohisa Goishi

Managing Director, Head of Business Development
Department No.1
Digital Service Promotion Division
MUFG Bank, Ltd.

In its medium-term business plan launched in fiscal 2021, MUFG is promoting DX and contributing to address environmental and social issues as initiatives that contribute to corporate transformation.

MUFG Bank has been working with JACCS on a joint venture to provide conventional unsecured loans for individuals, centered on Net DE My Car Loan, a web-based system for auto loan applications. By offering affordable interest rates when purchasing a car and introducing online contracts that do not require a visit to the store, we have realized labor savings for the customer, JACCS, and our bank.

Working together with JACCS to provide better products and services to customers beyond the framework of a financial institution and a guarantee company, we have set a target of ¥100.0 billion in loans guaranteed by JACCS in fiscal 2023, the final year of our medium-term business plan.

MUFG Bank will continue to co-create value with JACCS by further accelerating digitalization and improving products.

JACCS Group

Contributing to the realization of a sustainable and an affluent society through our business

The JACCS Group is actively working to reduce environmental impact through its business. In particular, we have been promoting solar power generation facilities for more than 20 years, including being the first in the industry to start handling "solar loans," as we believe that these facilities can contribute to reducing environmental burden. In the credit business, the balance of trade receivables related to environmental products in the current fiscal year was ¥391.8 billion, accounting for 36.8% of the balance of shopping credits trade receivables. In addition, for EVs, which are expected to become widely used as next-generation vehicles that contribute to the global environment by reducing CO₂ emissions, which are GHGs, and contribute to the global environment, we provide financing services tailored to customer needs in each of our businesses (credit, leasing, and loan guarantees). In addition, in the event of a disaster, we promptly provide low-interest loans or defer payments as disaster recovery support measures, and proceed with our business activities while working closely with our customers and alliance partners. We will continue to strengthen our efforts to help realize a carbon-neutral, decarbonized society and contribute to the realization of a sustainable and an affluent society.



Opportunities and Risks

The JACCS Group classifies major risks affecting management into the following categories, and manages risk content and response.

The Company revises categories in accordance with the changing business environment, and aims for medium- to long-term growth.

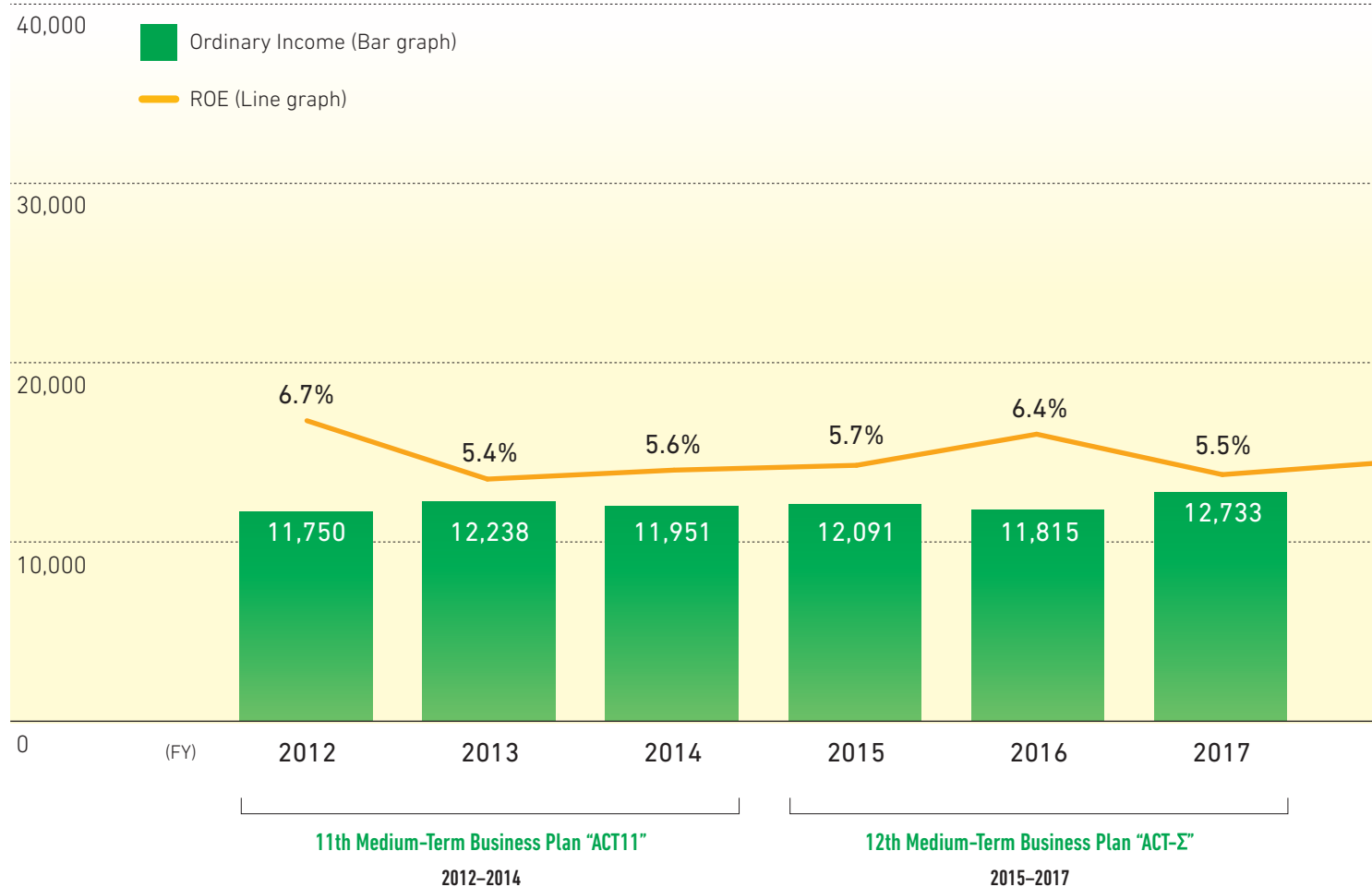
Risk Category		Opportunities	Risks
Risk related to management strategy	Risk related to business strategy	<ul style="list-style-type: none"> ● Rise in profitability, acceleration in growth rate 	<ul style="list-style-type: none"> ● Strategic errors stemming from important decisions, such as those relating to new products and services, M&A, overseas market entry, new businesses, and capital investments
	Risk related to the economic and competitive environment	<ul style="list-style-type: none"> ● Manifestation and expansion of latent needs through improvements in user interface/user experience (UI/UX) ● Build relationships with member stores and alliance partners by exploiting an early mover advantage 	<ul style="list-style-type: none"> ● Shrinkage of market due to such factors as deterioration of the domestic or overseas economic environment and changes in needs ● Intensification of competition due to such factors as new market entry by companies from within and outside the industry
	Country risk	—	<ul style="list-style-type: none"> ● Geopolitical risk, including war, terrorist incidents, or civil disorder ● Restrictions due to politics, religion, culture, or customs
	Risk related to laws and regulations	<ul style="list-style-type: none"> ● Business opportunities created by new regulations or deregulation 	<ul style="list-style-type: none"> ● Inadequate response to legal changes, such as revision of existing laws, enactment of new laws, or imposition of regulations
	Climate change risk	<ul style="list-style-type: none"> ● Increase in demand for decarbonization-related products and eco-friendly products ● Improve corporate image by proactively addressing the issue of climate change 	<ul style="list-style-type: none"> ● Inadequate response to climate change-related policies or tightening of regulations ● Limits on business activities due to the occurrence of natural disaster
	Credit risk	<ul style="list-style-type: none"> ● Expand the balance of operating receivables by building a portfolio of high-quality receivables 	<ul style="list-style-type: none"> ● Increase in expenses related to doubtful accounts owing to such factors as an increase in claims due, or fraud or bankruptcy at member stores
	Financial market-related risk	—	<ul style="list-style-type: none"> ● Rise in fundraising interest rates owing to financial conditions, the market environment or deterioration in the Group's financial condition, fall in prices of investment securities, etc., exchange rate fluctuations, decrease in liquidity
Risk related to business execution	Disaster and epidemic risk	<ul style="list-style-type: none"> ● Needs vis-à-vis stable business continuity based on early restoration of service ● Gaining trust 	<ul style="list-style-type: none"> ● Suspension of IT system or business operations owing to the occurrence of such events as a major earthquake or other natural disaster, accident, or epidemic
	Cybersecurity risk	<ul style="list-style-type: none"> ● Needs vis-à-vis a safe and secure transaction environment and stable business continuity ● Gaining trust 	<ul style="list-style-type: none"> ● Data leak owing to a cyberattack, fraudulent access, computer virus, etc., suspension of IT system or business operations
	System risk	<ul style="list-style-type: none"> ● Needs vis-à-vis a safe and secure transaction environment and stable business continuity ● Gaining trust 	<ul style="list-style-type: none"> ● Suspension of IT system or business operations due to the occurrence of natural disaster, cyber incidents or breakdown of equipment and machinery ● Occurrence of data leakage, falsification, or corruption
	Information-related risk	<ul style="list-style-type: none"> ● Needs vis-à-vis a safe and secure transaction environment and stable business continuity ● Gaining trust 	<ul style="list-style-type: none"> ● Leakage, loss, damage or fraudulent use of personal information, etc., incurrence of compensation for damages ● Administrative penalties in the case of violation of laws
	Administrative risk	<ul style="list-style-type: none"> ● Needs vis-à-vis a safe and secure transaction environment and stable business continuity ● Gaining trust 	<ul style="list-style-type: none"> ● Leak of personal information and incurrence of losses by customers or member stores owing to incorrect billing, incorrect account settlement, processing delay, or other incorrect administrative processing
	Compliance risk	<ul style="list-style-type: none"> ● Gaining stakeholder trust 	<ul style="list-style-type: none"> ● Administrative penalty imposed by supervisory government agency owing to infringement of related laws, etc. (suspension of business operations, revocation of registration, etc.)
	Human risk	<ul style="list-style-type: none"> ● Acquisition and retention of capable human resources 	<ul style="list-style-type: none"> ● Decline in staff motivation or performance ● Outflow of human resources or difficulty in personnel recruitment owing to deterioration in the work environment
	Reputational risk	<ul style="list-style-type: none"> ● Enhancement of corporate image ● Gaining stakeholder trust 	<ul style="list-style-type: none"> ● Deterioration of corporate image, damage caused by harmful rumors owing to business dealings that raise concerns over corporate social responsibility, violation of laws, fraudulent activity by employees, or IT system failure

	Impact When Risk Incidents Occur	Response
	<ul style="list-style-type: none"> ● Occurrence of additional investment ● Incurrence of losses due to dissolution of alliance, abandonment of service rollout, withdrawal from business, etc. 	<ul style="list-style-type: none"> ● Assessment, verification, and monitoring by the Investment Review Committee of profitability, growth rates, and related risks stemming from new businesses, new products, etc. ● Assessment, review of resource allocation, and execution based on business portfolio management focusing on profitability and growth rate
	<ul style="list-style-type: none"> ● Decline in the volume of new contracts or revenues due to a slump in personal consumption or disruption of the supply chain ● Decrease in profitability or competitiveness 	<ul style="list-style-type: none"> ● Ongoing improvements to products and services, continuous investment ● Identification of latent needs, strengthening of marketing programs that stimulate demand ● Enhance quality and productivity through migration to web-based channels and automation ● Pursuit of enhanced operational efficiency and cost structural reforms by leveraging digital technologies
	<ul style="list-style-type: none"> ● Suspension of business operations at overseas affiliate companies, decrease in earnings 	<ul style="list-style-type: none"> ● Gathering of information on the political situation and regulations, etc., through liaison with the relevant authorities and the local Japanese embassy ● Strengthening of information sharing between the local affiliate company and the JACCS parent company
	<ul style="list-style-type: none"> ● Administrative penalties or punishment ● Suspension of business activities, restrictions ● Deterioration of corporate image ● Incurrence of costs stemming from response to relevant laws 	<ul style="list-style-type: none"> ● Execution of ongoing training programs for all officers and employees ● Regular examination of operational management based on laws and internal regulations
	<ul style="list-style-type: none"> ● Deterioration of corporate image due to inadequate response to climate change ● Increase in expenses related to doubtful accounts due to impairment of value of collateral security ● Incurrence of expenses for countermeasures or restoration 	<ul style="list-style-type: none"> ● Disclosure in accordance with the TCFD ● Set targets for reductions in emissions of GHGs, and execute measures aimed at achieving targets
	<ul style="list-style-type: none"> ● Deterioration in business performance owing to increase in expenses related to doubtful accounts ● Deterioration of corporate image 	<ul style="list-style-type: none"> ● Pursuit of a high-quality receivables portfolio through sharing of information on trends in credit and claims due, etc., among sales, credit screening, and claims management departments, etc. ● Implementation of member store management in accordance with the level of risk ● Launch new products and services based on identification of consumer and member store needs
	<ul style="list-style-type: none"> ● Deterioration in business performance owing to increase in financial expenses ● Incurrence of unrealized losses on investment securities, etc. ● Change in consolidated earnings owing to exchange rate fluctuations ● Stagnation of core business owing to fundraising difficulties 	<ul style="list-style-type: none"> ● Execution of asset and liability management (ALM) ● Fundraising in accordance with interest rate sensitivity, verification of the need for a review of trading terms and conditions ● Pursuit of shift to fixed-interest fundraising and fundraising diversification ● Regular examination of the objectives, effectiveness and holding rationality of investment securities ● Verification and expansion of liquidity on hand based on risk scenario analysis
	<ul style="list-style-type: none"> ● Decline in earnings ● Deterioration in business performance owing to the incurrence of expenses for restoration or countermeasures 	<ul style="list-style-type: none"> ● Establishment of crisis management system through such measures as preparation of a disaster response manual, and formulation of emergency response committee operational rules and a business continuity plan (BCP) ● Establishment of a mutually complementary system of inter-regional alternate operations, and execution of training exercises ● Thorough hygiene management
	<ul style="list-style-type: none"> ● Estrangement of customers owing to decline in trust ● Decline in earnings ● Deterioration in business performance owing to incurrence of expenses for compensation for damages or countermeasures 	<ul style="list-style-type: none"> ● Introduction of various types of systems for prevention of fraudulent access, continuous monitoring of fraudulent access, regular vulnerability checks, security information gathering, research and response ● Strengthening of the security system through the operation of CSIRT ● Execution of training exercises aimed at raising security awareness among officers and employees ● Thorough management of outsourcing contractors (inspections of contractor business sites, regular verification of access authority and security implementation status)
	<ul style="list-style-type: none"> ● Estrangement of customers owing to decline in trust ● Decline in earnings ● Deterioration in business performance owing to the incurrence of expenses for restoration or countermeasures 	<ul style="list-style-type: none"> ● Placement of information processing centers in earthquake-resistant buildings, securing of backup power supply ● Maintenance of system and network redundancy and availability ● Continuous system monitoring and implementation of regular data backup ● Increase stringency of access to the system and data
	<ul style="list-style-type: none"> ● Estrangement of customers owing to decline in trust ● Decline in earnings ● Deterioration in business performance owing to incurrence of expenses for compensation for damages or countermeasures 	<ul style="list-style-type: none"> ● Appropriate handling of personal information, etc., centering on supervising departments and maintenance of security control ● Acquisition of the PrivacyMark as an evaluation and certification standard pertaining to the level of personal information protection ● Execution of ongoing training programs for employees ● Thorough management of outsourcing contractors (inspections of contractor business sites, regular verification of access authority and security implementation status)
	<ul style="list-style-type: none"> ● Estrangement of customers owing to decline in trust ● Decline in earnings ● Deterioration in business performance owing to incurrence of expenses for compensation for damages or countermeasures 	<ul style="list-style-type: none"> ● Strict operation in accordance with basic rules, improvement of the accuracy of administrative processing ● Systemization and automation (introduction of robotic process automation (RPA)) of administrative processing and promotion of paperless operations
	<ul style="list-style-type: none"> ● Estrangement of customers owing to decline in trust ● Decline in earnings owing to loss of transaction opportunities 	<ul style="list-style-type: none"> ● Execution of ongoing training programs for all officers and employees ● Development and improvement of the compliance system, including regular checks on business operations based on laws and internal rules
	<ul style="list-style-type: none"> ● Decline in the level of service or competitiveness 	<ul style="list-style-type: none"> ● Recruitment and cultivation of diverse human resources ● Building of a personnel system that encourages the development of individual skills, creation of an employee-friendly work environment ● Promotion of health and productivity management
	<ul style="list-style-type: none"> ● Estrangement of customers owing to decline in trust 	<ul style="list-style-type: none"> ● Execution of ongoing training programs for all officers and employees ● Execution of monitoring of media information, etc.

Growth Trajectory and Medium-Term Business Plan

The JACCS Group has worked to expand its business by placing trust and credibility first. Over the past decade, we have continued to work closely with consumers and member stores, placing value on our desire to help people enrich their lives. We will continue to work toward the 70th anniversary of our founding, which marks the final year of the current medium-term business plan, MOVE 70.

(Millions of Yen)



Summary

- 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

- 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)

Achievements and Challenges

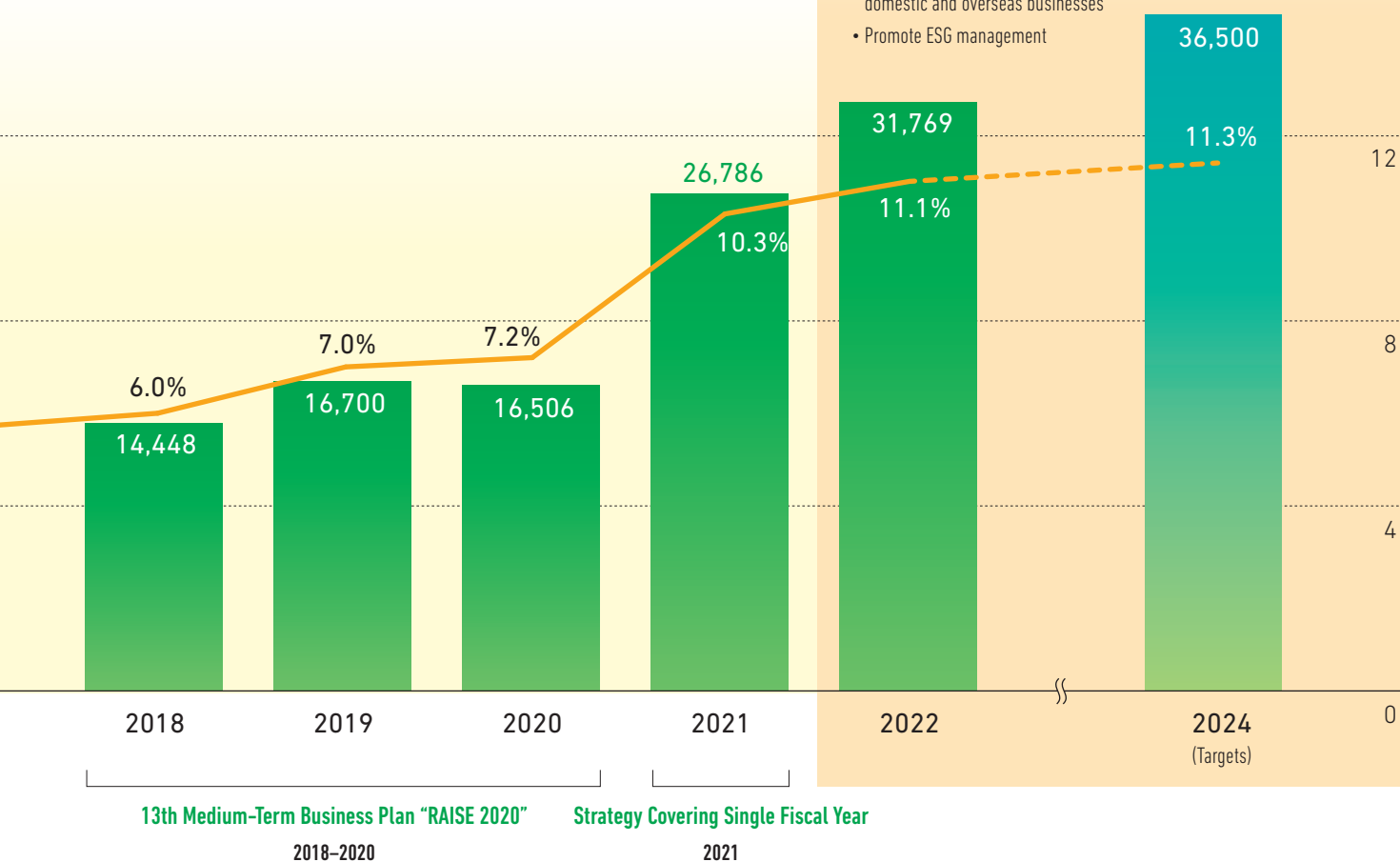
Through steady growth in each business division and accumulation of a balance of recurring-revenue products, we achieved a top-line reversal for the first time in seven years in the second year of the 11th medium-term business plan, ACT11. As a steppingstone for the future, we strengthened our efforts in new businesses and developed deferred payment services at our subsidiaries. We also extended our sales area in Vietnam and expanded our overseas business into Indonesia.

We implemented a management strategy focused on Group synergies and innovation to improve profitability. We also expanded into the Philippines and Cambodia, and made our local subsidiary in Indonesia a consolidated subsidiary to accelerate the expansion of our overseas business. We strengthened our management structure by expanding the top line and promoting cost structure reforms.

14th Medium-Term Business Plan, "MOVE 70"

2022–2024

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



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

The domestic business expanded, mainly in the credit business and financing business. We also focused on expanding our payments business, including acquiring operations and code-based payments, to strengthen our earnings base, which forms the foundation for Group management. In the overseas business, structural reforms aimed at profit growth progressed in each country, and we made a local subsidiary in the Philippines a consolidated subsidiary to further expand the business.

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

The medium-term business plan was postponed for one year due to uncertainty over the impact of the spread of COVID-19 on the business environment of the JACCS Group. We continued to implement the various strategies we had been working on to lay the foundation and prepared for accelerating growth. We also worked to solve the issues of the JACCS Group that had emerged and gave momentum to the next medium-term business plan.

Progress of Three-Year Medium-Term Business Plan, "MOVE 70"



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

In fiscal 2022, three of the plan's four key policies made progress in line with the plan, and one policy achieved progress that exceeded the plan. Steady progress is being made toward the targets set for the plan's final year, fiscal 2024.

Overview of Medium-Term Business Plan, "MOVE 70"

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

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

Expansion of competitive advantage

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

Expansion of products and services in the payments field

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

- Expansion of channels for acquiring card members and promotion of card use

Development of new earnings sources

- Rapid response to the needs of member stores and consumers
- Strengthening of product development

Promotion of cost structural reforms to support the growth strategy

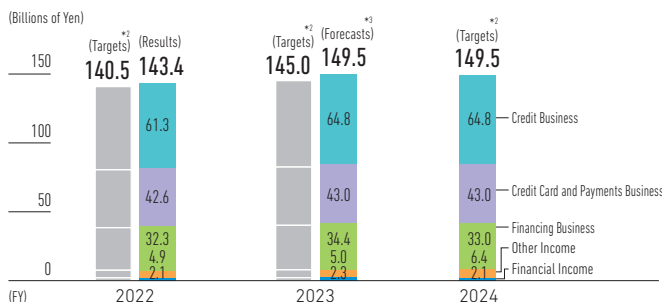
- Improvement of quality and productivity through migration to web-based services and automation
- Enhancement of operational efficiency and reduction of costs by leveraging digital channels

Progress during fiscal 2022

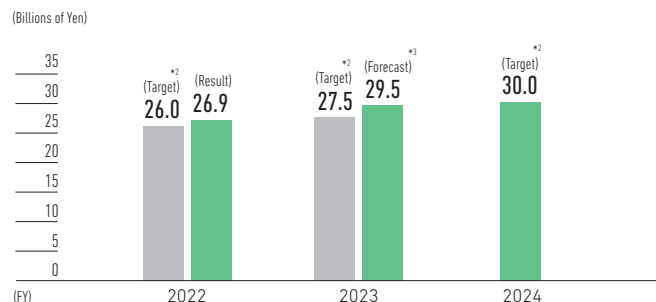
- ▶ The business base expanded through entry into growth fields, and the launch of new products and functionality
- ▶ Progress was made in raising the operational efficiency of back-office functions through migration of services to web channels

A Progress evaluation*1

Revenues by Business (Non-Consolidated)



Ordinary Income (Non-Consolidated)



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

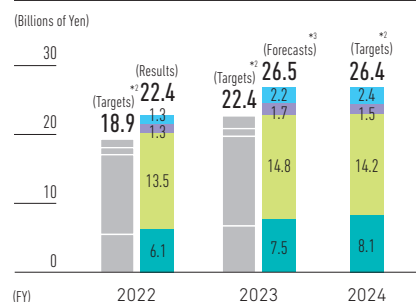
Return to a growth track through strengthening of competitiveness and profitability

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

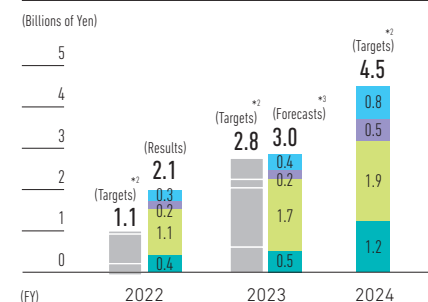
Strengthen corporate governance and develop human resources

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

Revenues



Pre-Tax Profit



Progress during fiscal 2022

- ▶ Overseas affiliates executed aggressive marketing programs, and achieved increases in revenue and income in all four countries
- ▶ Progress in improving operational efficiency through the utilization of IT systems and apps

B Progress evaluation*1

JIVF : JACCS International Vietnam Finance Co., Ltd.

JMFI : PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA

JMC : JACCS MICROFINANCE (CAMBODIA) PLC. (Company name changed in June 2022)

JFP : JACCS FINANCE PHILIPPINES CORPORATION

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

Strengthen the strategic partnership with Mitsubishi UFJ Financial Group

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

Promote DX

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

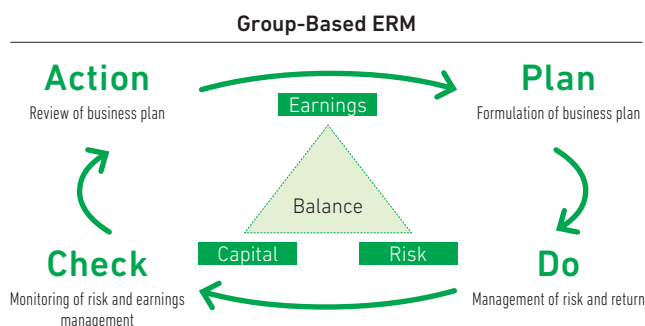
Progress during fiscal 2022

- ▶ Promoting DX through a program to develop human resources that possess advanced digital skills
- ▶ Strengthening the management base through the full-scale operation of business portfolio management and ERM

B Progress evaluation*1

Increase the sophistication of risk management systems

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



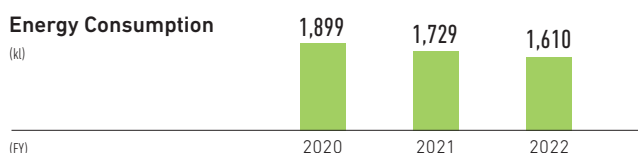
4 Promote ESG management

Measures to address environmental issues

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

Energy Consumption

(kt)



Progress during fiscal 2022

- ▶ Implement measures for decarbonization products, such as storage batteries and EVs
- ▶ Conclusion of a Positive Impact Finance agreement

B Progress evaluation*1

Measures to address social issues

- The provision of safe and secure services that offer a high level of convenience
- Create an environment that maximizes the scope for diversity and a diverse range of values
- Raise the level of engagement among employees
- Cooperation and coexistence with local communities, and promotion of social contribution activities

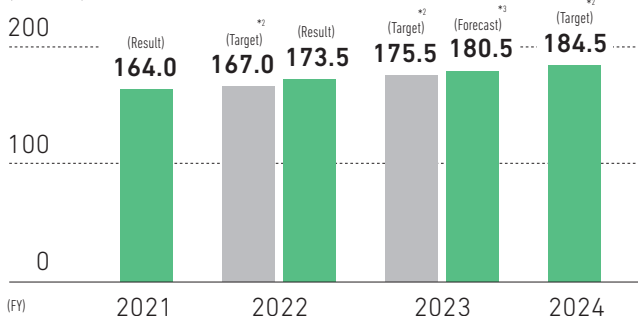
Measures aimed at advancing the quality of corporate governance

- Strengthen risk management
- Further strengthen check functions through the Board of Directors and Management Committee

Quantitative Targets (Consolidated)

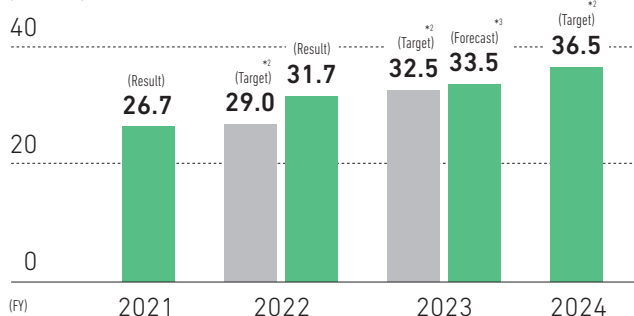
Revenues

(Billions of Yen)



Ordinary Income

(Billions of Yen)



	(FY)	2021	2022	2023	2024
		Results	Targets*2	Results	Targets*2
Revenues		164.0	167.0	173.5	184.5
Ordinary Income		26.7	29.0	31.7	36.5
Net Income Attributable to Owners of the Parent		18.3	19.5	21.6	24.5
ROE		10.3%	10.6%	11.1%	11.3%
Dividend Payout Ratio		30.2%	Approximately 30%	Approximately 30%	Approximately 30%

*1 Approximate guidelines for progress evaluation S: Very robust progress that exceeded the schedule A: Robust progress that exceeded the schedule B: Progress in line with the schedule C: Slightly behind the schedule
D: Significantly behind the schedule

*2 Targets set when the medium-term business plan was announced (May 2022)

*3 Performance forecasts for fiscal 2023, as of May 2023

Message from the Chief Financial Officer



Takashi Saitou

Director, CFO and Senior Managing Executive Officer

Basic Financial Policy

The Company is striving to bolster its earnings capacity by leveraging the JACCS Group's combined strengths and building a diverse earnings base. To meet the needs of these business strategies, as its basic financial policy JACCS is pursuing stable fundraising through diversification of funding, and enhancement of risk resilience. The balance of operating receivables held by the JACCS Group amounted to ¥3,271.3 billion as of March 31, 2023. To support this expanding portfolio of operating receivables, the Company is striving to diversify its fundraising, which comprises, at its base, borrowings from financial institutions, commercial papers, and corporate bonds. Added to these are securitized receivables backed by a portfolio of high-quality operating receivables, and a variety of ESG finance, including green bonds, green loans, and sustainability-linked loans. To support the current high level of interest-bearing liabilities, within our ALM, we classified the financial risk to which the Company is exposed into liquidity risk, interest rate risk, and refinancing risk, and quantitatively evaluated and examined each type of risk using certain criteria. Through this process, we worked to increase the sophistication of our ALM. In addition, within the ERM framework built by the Company for the purpose of maximizing the Group's corporate value, we used earnings at risk (EaR)* analysis to measure interest rate risk. By managing this risk together with the other risk types in an integrated manner, the Company strives to control risk and return. By practicing this process repeatedly, JACCS aims to improve its risk resilience and maximize earnings.

* Earnings at risk is the amount that net income may change due to a change in interest rates over a specified period.

Operating Performance and Financial Results in Fiscal 2022

In the domestic business, auto loans and housing loans were the main performance drivers. Operating revenue increased, underpinned by growth in revenue from reversal

in the balance of deferred installment income, which has steadily risen. On the expenses side, we saw an increase in selling, general and administrative (SG&A) expenses driven by expansion in the volume of new contracts, and an increase in financial expenses reflecting growth in the amount of funds procured as well as a rise in funding interest rates. However, owing to a decrease in expenses related to doubtful accounts—reflecting improvement in the quality of the receivables portfolio—the Company was able to restrain the increase in operating expenses, leading to a substantial increase in operating income.

In the overseas business, in addition to the shift from the COVID-19 pandemic situation to a full-fledged economic recovery, through the rollout of vigorous marketing programs and curbing of SG&A expenses, profit increases were achieved at affiliates in all four countries.

As a result, consolidated total operating revenue grew for the 10th consecutive fiscal year, while ordinary income and net income attributable to owners of the parent both exceeded their previous record-high amounts by a significant margin.

Meanwhile, on the financial side, to support the robust operating performance, in continuation from the previous fiscal year, the Company expanded securitization of receivables as the core of its fundraising program. This was supplemented by borrowings from financial institutions centering on the Group's principal financing bank, the issuance of corporate bonds, and the flexible use of commercial papers. Through this program, we worked to raise the funds required by the Group in a stable manner, and reduce funding cost.

As a result, on a non-consolidated basis, interest-bearing debt increased by ¥240.8 billion during fiscal 2022. Meanwhile, within a rising market interest rate trend, the increase in annual fundraising costs was limited to ¥1.2 billion. We were therefore able to secure sufficient funding to meet the Group's growth needs at low interest rates. In the composition of the Group's fundraising, the ratio of fixed-rate fundraising remained steady at 67%, and the direct financing ratio (including securitized receivables) rose from 53% to 56%. Hence, we diversified fundraising methods and built a balanced funding portfolio.

Progress from a Financial Perspective on the “MOVE 70” Medium-Term Business Plan

In fiscal 2022—the initial year of the “MOVE 70” medium-term business plan—to support the sustainable growth of the JACCS Group as a whole, we secured the necessary funding through fundraising diversification, and worked to enhance risk resilience by implementing a range of risk hedging measures based on ALM. Specifically, against a backdrop of emerging concerns over rising interest rates—triggered by the Bank of Japan's revision of monetary policy—we pursued financial management adapted to market trends. This included carefully examining the operating environment utilizing sophisticated ALM tools, and executing transactions—as necessary—to fix interest rates through such instruments as interest rate swaps. In addition, driven by a robust volume of new contracts, the portfolio of operating receivables expanded. Amid this situation, the Company used an asset backed securities (ABS) scheme to carry out receivables securitization, and thereby remove a portion of its operating receivables from the balance sheet. As such, we worked to

ROE and Analysis

	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
(FY) 2018	6.0%		6.1%		6.8		14.4
2019	7.0%		6.8%		6.2		16.5
2020	7.2%	1.9 times	7.3%	2.0 times	5.6	0.8 times	17.5
2021	10.3%		11.2%		5.3		17.3
2022	11.1%		12.5%		5.1		17.4

improve the quality of the Group's portfolio of operating receivables through restraint on financial leverage and management of risk assets. In the future, as we enter a full-scale phase of rising interest rates, we will verify the yield of each operating receivable, and remove low-yield receivables from the balance sheet. Through this process, we will strive to improve return on assets (ROA).

With regard to the adequacy of shareholders' equity, and verification of our risk resilience—issues that JACCS must address—in fiscal 2022 the Company established the Risk Supervisory Department, and fully launched a system for measurement and verification of credit risk, interest rate risk, and operational risk. JACCS' core business is retail finance. Consequently, the Company's receivables portfolio is spread over a large number of small-amount receivables. The balance of deferred installment income—which represents a significant portion of the Group's future revenue—has reached ¥229.8 billion on a consolidated basis. In light of this fact, I believe that the Company's actual level of risk resilience is adequate. However, using these methods, we will verify capital adequacy based on risk after quantitatively evaluating the risks to which JACCS is exposed. Based on this process, while maintaining financial soundness, the Company will consider investments in growth fields, and capital policy, including dividend policy, as it aims to sustainably grow corporate value.

In the future, I would like to expand information disclosure relating to these risk management activities, and explain the feasibility of the JACCS Group maintaining capital soundness while sustainably growing its business.

Issues and Policies in Each Business Aimed at Raising ROE

ROE in fiscal 2022 was 11.1%. The increase of 0.8 percentage point compared with the previous fiscal year reflected a lift in profitability. An expansion in the earnings base driven by a robust volume of new contracts, and an improvement in profitability underpinned by expense reductions in the domestic and overseas businesses contributed significantly to a rise in ROE.

Under MOVE 70, we have set an ROE target of 11.3% at the conclusion of the plan in two years' time, or a 0.2 percentage point increase compared with the fiscal year under review. In the future, as we enter a full-scale phase of rising interest rates, to bolster profitability the Company will work to raise the total asset turnover ratio through such measures as interest rate revisions and management of risk assets. In addition, we will expand auto loans and housing loans in the domestic business, and grow the overseas business, which are the revenue growth drivers. Furthermore, centering on these fields, we are promoting IT system investment and the Group's DX strategy, which will drive earnings growth and improvements in productivity. We will also carry out investments aimed at reinforcing security measures, which will make possible the provision of services that are safe and secure, and offer a high level of convenience. In addition, to realize these goals, we will further advance our ERM-based business portfolio management, and continue a program of offensive and defensive

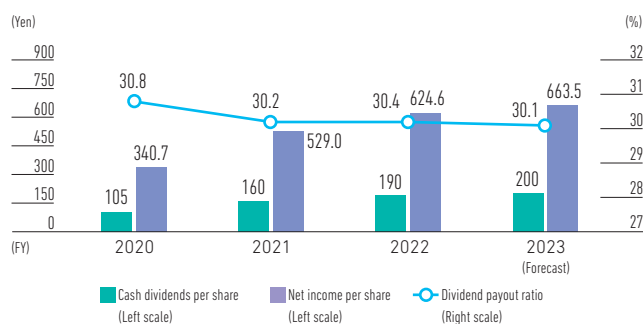
growth investments. By raising profitability while enhancing business stability, we are aiming for further improvement in ROE.

Shareholder Return

JACCS' fundamental capital policy stance is to implement stable and continuous dividends in line with the level of profit, while working to build internal reserves, which are the source of capital for ensuring financial soundness and generating further growth. Based on this policy, the Company implemented a dividend increase applicable to fiscal 2022, which was in line with operating performance. This was based on operating results that substantially surpassed our initial forecasts.

With regard to the direction of capital policy, in continuity with the previous fiscal year, based on ERM, the Company will quantify capital, risk, and earnings, and focus on maintaining a balance between financial soundness, capital efficiency, profitability, and shareholder return. The approximate dividend payout ratio target under the current medium-term business plan has been set at 30%. With regard to fiscal 2023, we are forecasting a total cash dividend of ¥200.00 per share, including an interim cash dividend of ¥100.00 per share.

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



Sustainability Initiatives

As initiatives that address sustainability, the JACCS Group has established its Basic Policy on Sustainability, and identified five areas of materiality. By contributing to solutions to social issues through its business activities, JACCS aims to realize a sustainable society and enhance its corporate value. As part of these efforts, in the finance sphere, JACCS has issued green bonds focusing on finance for eco-friendly products, which the Company has handled to date. From fiscal 2022, as a new initiative we have established key performance indicators (KPIs) based on the Group's Basic Policy on Sustainability. We are also engaged in the area of sustainability-linked loans, which promote achievement of these KPIs.

By further expanding sustainable finance in the future, JACCS will accelerate its ESG management and build a stable financial base through diversified fundraising.

Human Resource Strategy

JACCS will promote the development of an environment that makes the most of diversity and revision of systems to further enhance human capital as a source of value creation and improve engagement.

Kazuhiko Segawa

Senior Executive Officer
In charge of General Affairs and Personnel



The Fundamental Philosophy Underpinning Our Approach to the Human Resource Strategy

—The four pillars of the strategy

It goes without saying that JACCS considers human resources to be one of its most important assets. In other words, our Company cannot grow without the growth of our employees. In the current medium-term business plan, “MOVE 70,” “Develop and actively promote global human resources” is included as one of the key policies.

JACCS has always had a corporate culture of solidity and seriousness. As member stores and business partners often comment, “JACCS is a serious company.” On the

other hand, there is a concern that this may lead to the homogenization of employees. Based on this recognition and the policy set forth in MOVE 70, we will work to enhance and utilize human capital more than ever, focusing on four strategic pillars: Demonstrating diversity, Developing human resources for change (as symbolized by DX), Improving engagement, and Promoting health management.

DE&I Initiatives (1)

—Promote the active participation of female employees, who account for 56.5% of all employees

Among the four strategic pillars mentioned above, the most important is Demonstrating diversity. In terms of ensuring diversity and fairness, it can be said that the free and factionless corporate culture of JACCS is being put to use. For this reason, JACCS has a well-balanced personnel system that ensures fairness and diversity as a base, while at the same time providing employees who produce results with commensurate treatment.

Also, positions at JACCS can be broadly divided into two categories: Global employees, who are subject to transfers anywhere within the Group, and Regional employees, who are not subject to transfer, in principle. Under the previous system, management positions were only available for Global employees, but several years ago, as part of our efforts to promote the active participation of women, we began creating management positions for Regional employees as well.

Until then, female Global employees frequently resigned due to relocation or changed their course to Regional employees, resulting in a low percentage of female

employees in management positions. The Personnel Department has also encouraged female employees to step up to management positions, and we are finally seeing a significant number of female managers emerge here. As of April 1, 2023, the ratio of female employees among employees who hold the position of section manager or higher was 13.3%, and the ratio of female employees among employees who have subordinates and hold a position one rank lower than section manager exceeded 30%. In April 2023, a female employee was appointed as a general manager. Although it will take a little more time for female employees to rise up through the ranks and be appointed as executive officers, we would like to actively promote the development of female employees and their promotion to important positions, not only to the positions of section manager or department manager but also to the executive level. As a mechanism for this, we are currently working earnestly on an educational plan that will enable female employees to aim for higher positions and play active roles.

DE&I Initiatives (2)

—Resuming global personnel exchange

When I recently toured a local subsidiary in Vietnam, an employee who had been transferred there voiced a request to me: "Even if it's only for a short period of time, I would like to have employees who were hired locally in Vietnam work in Japan and bring back the culture of JACCS itself to Vietnam." When I was serving as the head of the Personnel Department, we had been working on similar initiatives and conducted some programs for training new domestic store managers to foster an international

perspective through interaction with local companies, but this was disrupted by the COVID-19 pandemic. As I mentioned at the outset, JACCS aims for Development of global human resources and active promotion under MOVE 70, and we intend to resume these efforts as soon as possible as one of the strong concrete measures to achieve this goal.

Securing and Developing Human Resources

—Restructuring of the personnel system

To stabilize the securing of human resources, JACCS systematically hires new graduates and mid-career workers while keeping in mind the balance between age composition and job type. For new graduate recruitment, we have established a three-year plan for Global and Regional employees and from this we calculate the percentage of young people in their 20s, which is used as a basis for determining the number of new graduate hires each year. In terms of mid-career recruitment, we focus on specialized fields such as DX and financial and legal affairs in addition to replenishing our workforce.

JACCS is also currently formulating a new personnel system. Although I cannot provide details at this point, we will review the transfer system, correct the wage

gaps between male and female employees and Global and Regional employees at the same level, and continue to maintain the current turnover rate of less than 10% for employees who have been with the Company less than three years.

In terms of human resource development, we strongly recognize the shortage of human resources for DX as an important issue. Under such circumstances, we began full-scale DX education from 2022, and in February 2023, when we put out an internal call to develop human resources for DX, we received 400 applications for 200 openings. Although our efforts have only just begun, I would like for us to steadily promote the development of human resources for DX within the Company.

Refine and Clarify Initiatives to Enhance Human Capital

—Conduct regular engagement surveys

An initiative we are currently focusing on is conducting engagement surveys to further refine our range of human resource strategies, including the content to date, and as a way of revealing previously unseen issues. We conducted an engagement survey in 2022. We also plan to conduct a similar survey every two years and a smaller confirmatory survey every six months to ensure implementation of the PDCA cycle.

Through this engagement survey, the Personnel Department has identified three priority issues to be addressed: Organizational development (to improve communication skills among middle-tier employees, which we currently call "hub human resources"), Restructuring the human resources system (to encourage employees' job satisfaction and growth), and Improving productivity (through the promotion of DX). We have also declared this to the Board of Directors and all employees. Naturally, we recognize that none of these issues can be resolved overnight. We hope that our stakeholders

understand that JACCS takes its employees' voices seriously and reflects them in its environmental improvement and system revisions, while earnestly striving to improve engagement and enhance human capital.



Training for young employees

Digital Transformation (DX) Strategy

Quickly grasping the changing times and consumer needs, the JACCS Group is working diligently on business reform and the creation of new business models by utilizing digital technologies. We will also focus on developing human resources for DX to further enhance the growth and competitiveness of our Group.

Akihito Suehiro

Director and Senior Executive Officer
Supervisor of Corporate Planning



Basic DX Policy

—JACCS' basic DX policy and definition

The future vision (basic policy) that JACCS is aiming for with DX is to "Respond to rapid changes in the business environment and utilize data and digital technologies to transform operations, organizations, processes, corporate culture, and climate through new products, services, and new business models, and to establish a competitive advantage." JACCS aims to realize this through both internal and external efforts.

First, internally, core human resources with digital expertise and frontline

employees will work together to transform the operations and processes associated with our core business.

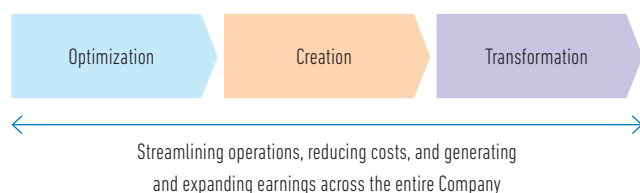
Next, externally, we will respond to rapid changes in the business environment through new products and services and new business models by utilizing heretofore unavailable ideas and data.

DX Strategy

—DX strategy and goals

In order to respond to the digital shift in society and major changes in the business environment, JACCS established the DX Promotion Department in October 2020 with the aim of achieving sustainable growth through top-line expansion and cost reduction by implementing Companywide initiatives utilizing digital technologies to achieve promotion of working style reform, improvement of productivity, and establishment of competitive advantage.

JACCS has divided these efforts into three phases: Optimization, Creation, and Transformation. We are working across the entire Company to streamline operations, reduce costs, and generate and expand earnings.



As part of the Optimization phase, we will distribute mobile PCs, smartphones, and other devices for operations that have depended on the use of paper and fixed terminals, and use services that match the needs of the business. In this way, in addition to promoting efficient working styles through business reforms such as paperless and stockless internal operations, we will reduce office space to lower fixed costs.

Initiatives in the Creation phase include "Expand earnings through data utilization" and "Develop new products and services from a customer perspective."

Under "Expand earnings through data utilization," JACCS aims to visualize customer trends and purchasing behavior by analyzing transaction data of existing businesses, and to use this data as a vehicle for proposals and negotiations in JACCS' sales divisions.

Under "Develop new products and services from a customer perspective," we aim to develop new products and services that incorporate new value by identifying issues and needs that customers themselves are not aware of through interviews with general consumers and member stores, and by establishing a wide range of contact points that are not limited to conventional business channels.

In the Transformation phase, we aim to create new added value while also considering collaboration with MUFG and cooperation with other industries.

JACCS' unique strengths and challenges

The greatest strength of JACCS is the trust and reliability that we have built since our founding in 1954 by continuing to make sincere efforts to meet the needs of each and every one of our customers under our founding philosophy of "Trust is the basis for all." We have also accumulated various data through our main businesses (sales, screening, and management).

We aim to leverage these strengths to develop new products and services that customers and member stores can use with confidence. On the other hand, one issue that we see is that there are still many analog processes using paper and faxes in our internal operations, and we have not been able to digitalize them, but we believe that we can solve this by steadily advancing the Optimization phase.

We also recognize a lack of digital human resources to support our DX strategy as an issue. We rolled out the Digital Human Resources Development Program in the previous fiscal year to strengthen our human resources and organizations, and are promoting improvement of IT literacy and the development of core human resources.

DX Promotion System

—Organizational structure for promoting the DX strategy

The DX Promotion Department is an organization that aims to “swiftly and steadily advance the Companywide digital strategy,” which is one of JACCS’ management strategies. The department is placed directly under the supervision of an officer

supervising corporate planning so that information can be shared with management and decisions can be made quickly.

Securing and Developing DX Human Resources

—Initiatives for securing and developing human resources for DX

In fiscal 2022, the DX Promotion Department repeatedly conducted training using the design thinking process to develop new products and services through a cycle of generating new ideas and creating prototypes.

In June 2022, we launched the Digital Human Resources Development Program to strengthen the human resources and organizations that support our DX strategy.

This program will be implemented under the current medium-term business plan (from fiscal 2022 to fiscal 2024) in three phases for each fiscal year: Solidifying the foundation, Full-fledged development, and Advancement and expansion.

In fiscal 2022, we conducted video training for Solidifying the foundation with the aims of having all employees acquire basic knowledge about digital technology and raising awareness among management-level employees.

In fiscal 2023, with the aim of Full-fledged development of digital human resources, JACCS will select 200 candidates for digital human resources development training through open recruitment or nomination by the Personnel Department, and will conduct training so that they can acquire more advanced skills and knowledge and play a central role in promoting JACCS’ DX strategy in the future.

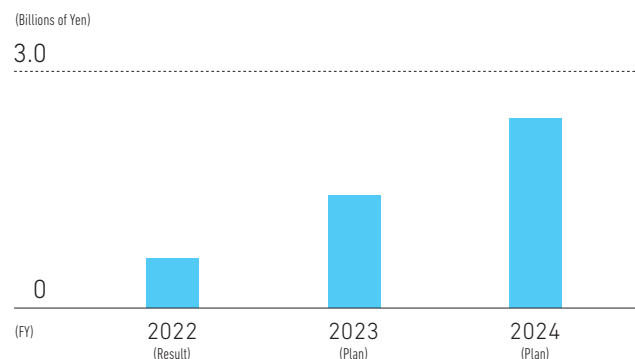
In fiscal 2024, under Advancement and expansion, JACCS will continue the cycle of its Digital Human Resources Development Program and implement measures to promote upgrading of the skills of digital human resources, thereby training an additional 200 digital human resources and promoting its DX strategy to transform operations and processes associated with its core business.

Investment for DX

—Investment required for promoting DX

In fiscal 2023, we expect the amount of new system investment associated with DX promotion to be ¥1.4 billion. Major projects include the establishment of online system infrastructure and the expansion of smartphone applications. In addition, we are forecasting expenditures of approximately ¥16 million for training to develop digital human resources.

System Investment during the Medium-Term Business Plan, “MOVE 70”



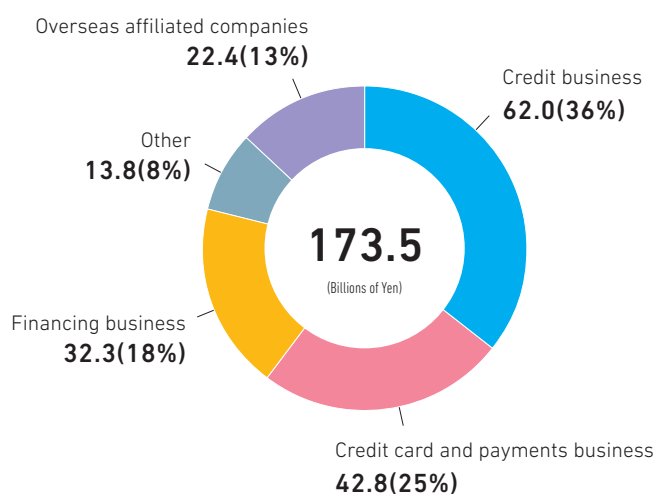
Performance by Business

Each business in the JACCS Group's portfolio has secured a market advantage, and each has steadily implemented its strategy and is performing well, even in a rapidly changing business environment.

Operating Revenue

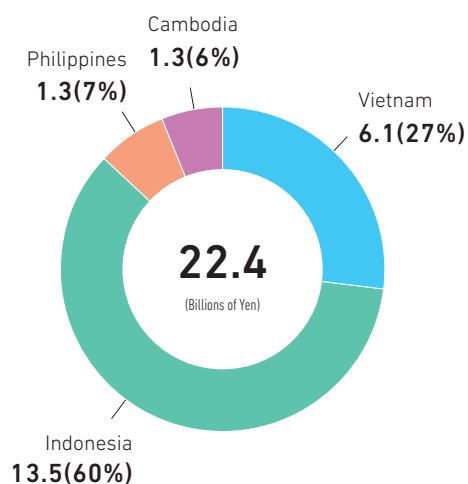
*Simple aggregate basis

(Billions of Yen)



Operating Revenue of Overseas Affiliated Companies

(Billions of Yen)



Credit Business

Business details

- Shopping credit
- Auto loans



Credit Card and Payments Business

Business details

- Issuing of credit cards
- Acquiring operations
- Prepaid cards
- Cash advances
- Bill collection
- Rent guarantee



Financing Business

Business details

- Housing loan guarantees
- Personal loan guarantees



Overseas Business

Business details

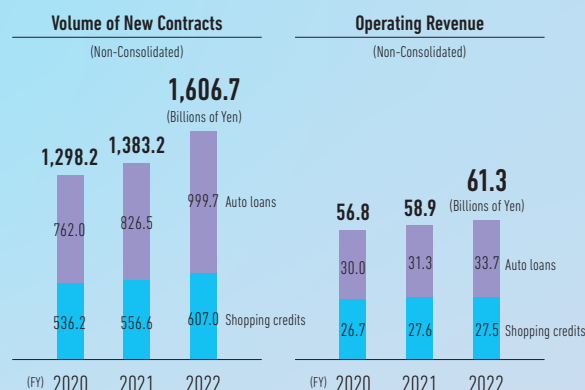
- Motorcycle and auto loans and issuance of credit cards in the ASEAN region (Vietnam, Indonesia, the Philippines, and Cambodia)



As for shopping credit, in addition to strong sales of premium wristwatches, the volume of new contracts for motorcycles, PCs, medical products, and others increased thanks to the effects of various measures. In housing-related products, the supply shortage of parts and materials eased, contributing to an increase in the volume of new contracts.

As for auto loans, demand for used automobiles increased on longer new car delivery times due to the shortage of semiconductors, and the volume of new contracts in the used-vehicle market expanded. Supply constraints for new automobiles gradually eased, and the volume of new contracts in the imported-vehicle market expanded due to the implementation of financing measures linked to each importer's marketing strategy.

As a result, the volume of new contracts and operating revenue increased for this business.

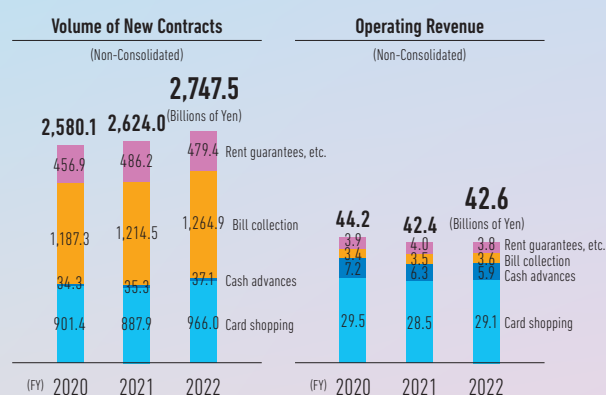


As for card shopping, in addition to strong usage at department stores and online shopping, an increase in the number of members at major partners also contributed to the increase in the volume of new contracts. Also, the gradual recovery of travel and leisure increased the volume of new contracts and operating revenue.

As for cash advances, the volume of new contracts increased due to the recovery of capital demand, but this was not enough to offset the decline in the cash advance balance, resulting in a decline in operating revenue.

In bill collection, the volume of new contracts and operating revenue increased due to the expansion of new partners.

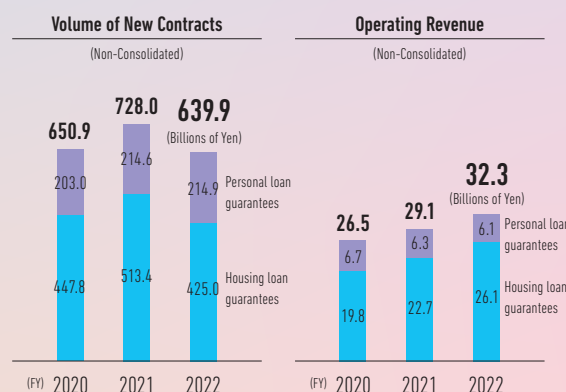
As a result, both the volume of new contracts and operating revenue increased in this business.



In the area of housing loan guarantees for studio condominiums for investment purposes, although the number of units sold by our partners remained strong, JACCS' market share declined due to aggressive efforts by competitors, resulting in a decline in the volume of new contracts. Operating revenue increased due to accumulation of the guarantee balance.

In the area of personal loan guarantees, auto loans, which had been stagnant due to delays in new car deliveries caused by the shortage of semiconductors, gradually recovered, and there was a reversal in the volume of new contracts. Operating revenue decreased due to a decline in the balance of highly profitable guarantee products.

As a result, although the volume of new contracts in this business decreased, operating revenue increased.



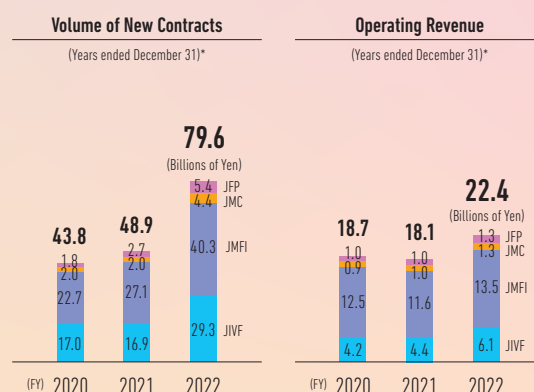
In Vietnam, the motorcycle market, which had been stagnant due to the shortage of semiconductors, gradually eased, and economic support measures provided a tailwind. With this, and as a result of focusing on promoting sales measures and developing member stores, the volume of new contracts and operating revenue increased.

In Indonesia, the automobile and motorcycle markets recovered, and the volume of new contracts and operating revenue increased due to our focus on developing member stores, mainly in the used-vehicle market.

In the Philippines, we focused on the used-vehicle market, and increased the volume of new contracts and operating revenue due to expansion of the areas handled and strengthening of the sales structure.

In Cambodia, the number of active member stores expanded due to the recovery of the motorcycle market, and both the volume of new contracts and operating revenue increased.

As a result of the above, the volume of new contracts and operating revenue increased as a whole for the overseas business.



JIVF: JACCS International Vietnam Finance Co., Ltd.
JFP: JACCS FINANCE PHILIPPINES CORPORATION

JMFI: PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA
JMC: JACCS MICROFINANCE (CAMBODIA) PLC.

*Fiscal year-end of overseas affiliated companies is December 31. The consolidated results reflect operations of overseas affiliated companies during the period of January through December.

Business Strategy



S

Strengths

- Product lineup to meet diverse needs
- Ability to make proposals for promoting credit utilization
- 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 in a wide variety of industries

O

Opportunities

- Development of a decarbonized society
- Growth of the credit field driven by such factors as expansion of the e-commerce market
- Recovery from a slump in consumption due to the spread of COVID-19

T

Threats

- Consumer attitudes changing from ownership to use
- Decline in profit margin due to rising funding interest rates
- Entry of new business operators utilizing IT

Business Strategy

The core policy for shopping credits is to anticipate changes in the operating environment and consumer needs, and hence build a stable earnings base.

Our shopping credit products enable customers to flexibly select from various options, including installment payment fees and number of installments. In addition, JACCS offers a broad array of web-based functionality for credit applications. These payment products enable linkage to products and services provided by a broad range of business categories and retail formats, regardless of whether the payment amount is large or small.

Housing-related fields such as solar power generation equipment and storage batteries are expected to continue to expand toward the realization of a decarbonized society, so we will capture new demand through collaboration with trading companies and electric power companies, and release new products with an eye on future interest rate fluctuations to stabilize earnings. In addition to the housing-related field, we will actively develop measures in the medical market and e-commerce market, which are positioned as key target markets, and expand volume.

In auto loans, our core policy is to provide a diverse lineup of financing services and aim for sustainable growth.

Although the market is seeing a recovery in the supply of new vehicles and the normalization of the soaring prices of used vehicles, we will expand volume by offering financing products based on the sales strategies of member stores and increasing the utilization rate of loans.

We will also strengthen our efforts in the area of auto leasing operations targeting individual customers—a market that is forecast to grow. Specifically, we aim to expand our market share through enhancing the user-friendliness of the lease quotation system and collaborating with Mitsubishi Auto Leasing Corporation, with whom we entered a capital and business alliance in 2023, to develop new products and improve service levels.



Initiatives for Sustainability

In 1998, we became the first company in the industry to offer solar loans via shopping credit. We have been promoting solar loans for more than 20 years, believing that the spread of solar power generation equipment contributes to reducing environmental burden. We are also strengthening our efforts to capture demand for storage batteries to efficiently utilize the electricity generated by solar power generation equipment and demand for renovation when acquiring used homes, which has been on the rise recently. These are the main products that will lead to the expansion of the balance of deferred installment income, which is the stable earnings base of JACCS.

In auto loans, we offer loans and lease-related products that support the spread of vehicles that use clean energy, such as EVs and fuel cell vehicles (FCVs), in order to contribute to the realization of a decarbonized society.

Credit Card and Payments Business



S

Strengths

- Providing a one-stop payment menu featuring a lineup of payment products and services catering to a diverse range of needs, including credit cards, acquiring operations, and bill collection services
- A nationwide network of sales offices and a network of member stores and alliance partners in a wide variety of industries

O

Opportunities

- Further progress of cashless economy and diversification of payment methods
- Recovery of consumption, including inbound tourism from the spread of COVID-19
- Needs for improving billing efficiency in companies
- Increased needs for guarantee companies in the rental real estate market, driven by an increase in the number of single-person households

T

Threats

- Entry of new business operators utilizing IT

Business Strategy

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

The core policy of the credit card and payments business is to pursue digital strategies and multi-payment services, as well as strengthen profitability

In the credit card field, we plan to provide smartphone payment functions for partner apps and issue digital cards in fiscal 2023. By linking digital cards and prepaid cards to the payment function of smartphones, we plan to improve the usability of our services, thereby aiming to increase the number of new members and existing members, and grow the volume of new contracts.

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

With regard to the balance of revolving-payment shopping and the balance of revolving-payment cash advances, which declined due to the spread of COVID-19, we have steadily implemented various measures such as promotions to encourage utilization, and are forecasting revolving-payment shopping to increase during fiscal 2023, and revolving-payment cash advances to increase in fiscal 2024.

For bill collection in the payments field, we are utilizing a front-end payment system capable of providing non-face-to-face payment services to markets such as fitness clubs and private tutoring schools to expand the number of alliance partnerships. For rent guarantees, we will promote a system that allows completion of the entire process from screening to contract signing online, and we are striving to strengthen profitability by providing property owners and real estate management companies with highly convenient products.

Initiatives for Sustainability

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.

In addition, using Lovely Point, a loyalty point program in which points are accumulated based on monthly card usage, we make donations to NPOs and other organizations and raise funds for disaster relief.

Examples of Cards that Contribute to Society and Local Communities



Japan Guide Dog Association Card



Hakodate Card

Business Strategy

Financing Business

S

Strengths

Housing loan guarantees:

- Highly accurate know-how on customer credit and member store management accumulated through more than 50 years of business experience
- Close network of alliances with real estate sales companies and financial institutions

Personal loan guarantees:

- Product lineup that responds to the needs of financial institutions, and digitization of operations
- Partnerships with approximately 600 financial institutions nationwide including MUFG Bank, Ltd.

O

Opportunities

Housing loan guarantees:

- Steady asset portfolio formation needs vis-à-vis studio condominiums purchased for investment purposes
- Expanding the buyer base by selling properties utilizing IT

Personal loan guarantees:

- Needs for guarantee companies, underpinned by financial institutions' efforts to bolster their retail operations
- Recovery of mainstay auto loans due to normalization of new vehicle supply

T

Threats

Housing loan guarantees:

- Lower investment yields and reduced purchase appetite due to rising property prices and borrowing rates

Personal loan guarantees:

- Internalization of guarantee services within the Group or system at partner financial institutions

Business Strategy

The core policy for housing loan guarantees is to strengthen the business base and develop new business fields.

Demand for studio condominiums purchased for investment purposes is expected to remain firm, but we do not expect a significant increase in volume within the current medium-term business plan due to factors such as a steep rise in the cost of construction materials and a decrease in the number of properties available in prime locations. Based on this recognition of the environment, we will steadily build up the balance of loan guarantees by enhancing convenience and productivity through the promotion of web-based application procedures while strengthening our network of alliances with real estate sales companies and financial institutions.

The core policy for personal loan guarantees is to strengthen product appeal and capabilities for making proposals.

The balance of loan guarantees—in which the main product is guarantees on auto loans by MUFG Bank—has surpassed ¥80.0 billion. Aiming to grow this figure to ¥100.0 billion in fiscal 2023, we will implement various measures, such as increasing the number of applications received by streamlining our business systems. Added to this, we are striving to increase the number of partner financial institutions for which we provide loan guarantees, including though the expansion of business with internet-based banks, and will continue to work to deepen consulting sales and improve profitability through data return.



Initiatives for Sustainability

We are promoting paperless procedures from screening to contract conclusion.

We are also actively working to provide guarantees when our partner financial institutions provide customers with financing for the purchase of EVs and related charging equipment.

Overseas Business



S

Strengths

- Business know-how cultivated in Japan over more than 65 years
- Creditworthiness and fundraising backed by MUFG
- A network of businesses in four overseas markets, with over a decade of business experience

O

Opportunities

- Medium- to long-term economic growth of countries in the ASEAN region
- Continued growth in demand for consumer durables
- Ongoing overseas business expansion by Japanese companies
- Acceleration of digitization

T

Threats

- Intensifying competition between banks and non-banks and entry of new business operators
- Increase in financial expenses due to sharp exchange rate fluctuations and rising interest rates on fundraising
- Increase in expenses related to doubtful accounts due to worsening economic trends, etc.

Business Strategy

The core policy for the overseas business is to establish an earnings base that will drive future growth. In the ASEAN region, where high economic growth rates are expected to continue, we are working to shift to a stable management structure by bolstering competitiveness and profitability, while also strengthening governance and human resource development.

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

In Vietnam, we are working to expand profits through the development of a robust business base. In addition to core products of motorcycle loans and personal loans, we will expand our range of other products. We will also promote app development to improve consumer convenience and differentiate ourselves from competitors.

In Indonesia, we are aiming to transform the business into a high earnings structure and grow profits. We are working to expand the handling of loans for new motorcycles and used automobiles, which have high profitability. To achieve this, we will expand the geographic sales area and invest resources in regions that have large markets. Also, we are working to strengthen the business base by strengthening the receivables management system, curbing financial expenses, and maintaining liquidity of funds.

In Cambodia, we are pursuing expansion of the range of products handled, and growth in operating revenue. We will expand handling of motorcycles by increasing market share in major cities and expanding sales areas. In addition, we are expanding the lineup of products handled. This includes personal loans, which have been added accompanying an upgrade of the business license of the Cambodian subsidiary, and auto loans.

In the Philippines, we are striving to expand the volume of contracts for high-profitability products and strengthen the business base. By further expanding the geographic sales area for used automobile loans, we aim to grow the volume of new contracts. In addition, we plan to bolster the product lineup in such areas as motorcycle loans and personal loans.

Initiatives for Sustainability

Through the JACCS Group's business, we promote the spread of consumer durables in the countries in which we operate, thereby contributing to the improvement of living standards and economic development. We also carry out social contribution activities in those countries, based on the concept of coexistence with local communities. Through these activities, we contribute to resolving social issues in the countries in which we operate.

Disclosure Based on TCFD Recommendations

The JACCS Group believes that while working toward the realization of a sustainable society, it is important to contribute to solutions to emerging environmental and social issues through its business operations. Within environmental issues, we recognize that climate change in particular is one of the issues that has a serious impact on customers, member stores and other business partners, and the Group's business operations. The Group has expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The JACCS Group will continue to analyze the impact of climate change on its business and manage risks stemming from climate change, as well as carry out reporting and disclosure to a high degree of transparency.



1. Governance

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

- The JACCS Group recognizes that sustainability initiatives are an important issue, and the Sustainability Promotion Office and other organizational units provide regular reports to the Board of Directors and the Management Committee on the status of related activities. The Board of Directors and the Management Committee deliberate on important matters relating to climate change, and assume a supervisory function.
- The director responsible for corporate planning, who is also a member of the Board of Directors and the Management Committee, is assigned as the JACCS Group Sustainability Promotion Leader. It is this officer's role to integrate sustainability into business activities and management strategy, while promoting initiatives related to sustainability.



2. Strategies

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

Scenario analyses hypothesize a range of climate change scenarios, including a

"1.5°C scenario." These analyze medium- to long-term changes in the social environment and the Group's business environment driven by climate change, including both risks and opportunities.

Risks

The Company's operating performance may be affected by such factors as increases in energy procurement expenses driven by climate change-related policies and strengthened regulation, and impairment of the security value of financing products owing to the occurrence of natural disasters.

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

Opportunities

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

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

3. Risk Management

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

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

4. Benchmarks and Targets

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

Item	CO ₂ Emissions (Unit: t-CO ₂)				
	(FY)	2019*	2020*	2021	2022
Scope 1		1,731	1,621	1,809	1,809
Scope 2		6,012	5,834	5,405	5,062
Scope 3		591,607	490,511	389,847	419,069
1. Purchased goods and services		37,005	38,751	37,917	40,868
2. Capital goods		19,071	15,906	14,269	16,509
3. Fuel- and energy-related activities not included in Scope 1 or Scope 2		1,446	1,424	1,288	1,173
4. Upstream transportation and distribution		1,889	1,856	1,668	1,400
5. Waste generated in operations		13	9	8	132
6. Business travel		807	819	801	791
7. Employee commuting		1,154	1,193	1,174	1,137
8. Upstream leased assets		—	—	—	—
9. Downstream transportation and distribution		—	—	—	—
10. Processing of sold products		—	—	—	—
11. Use of sold products		—	—	—	—
12. End-of-life treatment of sold products		—	—	—	—
13. Downstream leased assets		530,223	430,553	332,722	357,058
14. Franchises		—	—	—	—
15. Investments		—	—	—	—
Total		599,350	497,966	397,060	425,940

* From fiscal 2021, the Company revised the classifications used in its calculation methodology for CO₂ emissions. These revisions were retroactively applied to past fiscal years, and the figures presented for fiscal 2019 and fiscal 2020 are the revised figures.

Scope 1: Direct GHG emissions by the business operator itself

Scope 2: Indirect GHG emissions accompanying the use of electricity, heat, and steam supplied by other companies

Scope 3: Indirect emissions other than Scope 1 and Scope 2

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

The JACCS Group has set targets for its GHG emissions reductions. Setting fiscal 2019 as the base year, by fiscal 2030 the Group aims to reduce Scope 1 and Scope 2 emissions by 50%, and Scope 3 emissions by 30%. The Group will implement

emissions reduction measures that aim for net zero based on Scope 1, Scope 2, and Scope 3 by fiscal 2050.

Protecting the Environment

The JACCS Group recognizes that protecting and managing the environment is a crucial issue shared by all of humankind. Focusing on the future, the Group will engage in corporate activities that take into consideration reduction of environmental burden and conservation of natural resources, and will strive to contribute to environmental protection and management in society as a whole.

Contributing to the Realization of a Decarbonized Society through Financial Services

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, vehicle-to-home (V2H), and zero-energy housing (ZEH), as well as environment-friendly vehicles, such as EVs, FCVs, and plug-in hybrid vehicles (PHVs). By supporting the generation of renewable energy and promoting the use of clean energy, JACCS is contributing to reduced CO₂ emissions.

Gifting of a Solar Power Generation System to Hakodate City

As a commemorative project for the 60th anniversary of JACCS' founding, in 2014 the Company constructed a solar power generation facility in Hakodate, Hokkaido—JACCS' birthplace—and gifted it to Hakodate City. This project took the theme of creating an environment for the future. Adjacent to this installation, JACCS simultaneously built a second solar power generation facility, which is operated by consolidated subsidiary JACCS Total Service Co., Ltd., as the power generation operator. Hence, the JACCS Group independently engages in the supply of renewable energy.



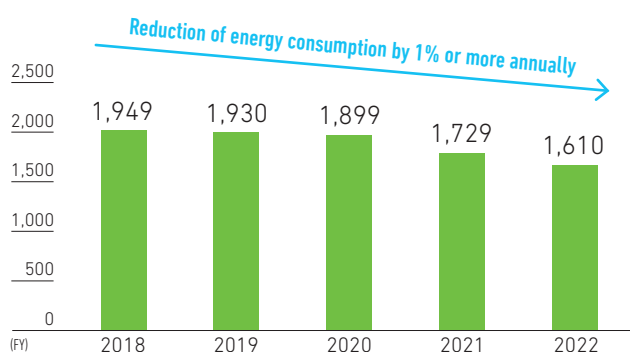
Promoting Energy-Saving Activities

As a specified business operator designated under the Act on the Rational Use of Energy, the JACCS Group has set a target of reducing its energy consumption by 1% or more annually.

The Company pursues reductions in energy usage through such measures as installation of LED lighting, thorough enforcement of a policy of turning off lights that are not in use, setting office equipment to power-saving mode, and promoting the adoption of hybrid vehicles (HVs) and EVs in the Group's vehicle fleet. In addition, the Group strives to reduce its volume of paper consumption by promoting the digitization of operational processes.

In fiscal 2022, the Company's energy consumption was equivalent to 1,610 kl of crude oil, down 6.9% compared with the previous fiscal year.

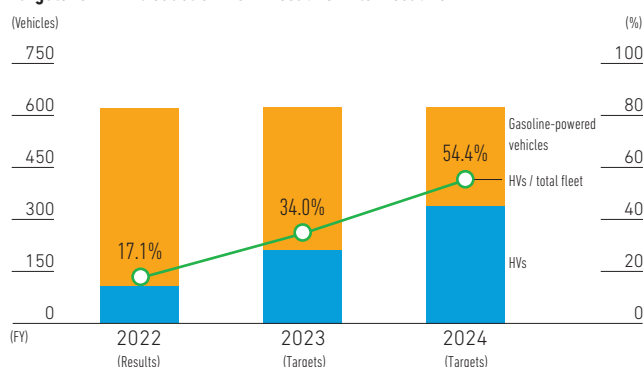
Energy Consumption (kl)



● Initiative for the Introduction of HVs

JACCS' vehicle fleet across all its business operation sites in Japan totals approximately 630 vehicles. The Company is carrying out a phased transition of roughly 50% of its vehicle fleet to either HVs or EVs by March 2025, as part of its efforts to reduce its emissions of CO₂. The Company plans to pursue its transition to EVs once the usage environment has been established—including vehicle charging infrastructure—and vehicle manufacturers have shifted to mass production. By changing over our fleet to environment-friendly vehicles, we will curb gasoline consumption, thereby actively contributing to our efforts to tackle environmental protection.

Targets for HV Introduction from Fiscal 2022 to Fiscal 2024



Efforts for Employees

Based on the recognition that the growth of each individual employee is the source of the Company's growth, the JACCS Group works to recruit, promote, and develop human resources that possess diverse individual qualities and skills, as it aims to realize its long-term vision to "establish JACCS' position as a leading brand among Asian consumer finance companies." Personnel who possess a diversity of values and philosophies share in this vision, and the Group is building a system that enables employees to maximize their skills and potential, and is striving to create an employee-friendly work environment.

Key Strategies

Exhibiting Diversity	Promoting Health and Productivity Management
Developing a Transformational Workforce	Raising the Level of Employee Engagement

Targets and Progress

	(FY)	2021 Results	2022 Results	2023 Targets
Diversity	Ratio of female employees in management positions * ¹	9.8%	13.3%	15%
	All employees	55.0%	56.9%	58%
	Differential in pay of male and female employees * ²			
	Regular full-time employees	54.0%	54.6%	55%
	Part-time and fixed-term contract employees	68.6%	70.6%	71%
Health and productivity management	Ratio of male employees taking childcare leave among those eligible * ³	84.4%	84.6%	90%
	Ratio of employees who took at least 60% of their annual leave entitlement	74.2%	79.3%	85%
	Implementation ratio for secondary health tests	99.5%	98.2%	100%
Human resource development	Number of employees completing the business leadership training program * ⁴	—	—	12
	Number of employees certified as possessing advanced digital skills	—	—	200
Engagement	Number of business locations implementing organizational development * ⁵	—	4 locations	15 locations

*1 The percentage of female managers with a rank of section manager or higher, as of April 1 following the end of each fiscal year

*2 Average female pay expressed as a percentage of average male pay

*3 The target and result in each fiscal year for the ratio of female employees taking childcare leave among those eligible is 100%.

*4 This training program aims to build a strategy and vision for the next generation, and develop human resources capable of leading the sustainable growth and development of the JACCS Group while transforming its business and organization.

*5 Organizational development refers to efforts focused on enhancing interpersonal relationships within the organization, and raising the performance of the organization as a whole.

Diversity and Inclusion

To build an organization capable of responding to a market environment characterized by rapid change and uncertainty, the JACCS Group is proactive in recruiting and promoting human resources that possess a broad array of backgrounds, while also focusing efforts on enhancements to the working environment and employee training that will bring out the unique characteristics and skills of each individual to the greatest extent possible. By promoting the active participation of such diverse human resources, the Company will translate this into the creation of new corporate value.

Promoting the Advancement of Women

For sustainable development and innovation, JACCS is promoting the advancement of female employees. To increase the number of female employees involved in future management decision-making, the Company has established targets for the ratio of female employees among management-level positions, and is undertaking training and proactive promotions.

JACCS believes that it is important to create an environment in which female

employees can pursue a successful career without suffering negative impact on their career advancement due to such factors as childbirth and child-rearing. JACCS is developing programs that enable employees to achieve a balance between career and raising a family, through child-rearing support.

Promoting the Participation of Seniors

Anticipating the further aging of Japanese society, JACCS allows employees to continue working until age 70, and has created a compensation structure according to the size of each role. Based on these measures, all employees can maintain a high level of motivation, and the Company is pursuing the creation of an environment that enables employees to continue working.

Appointing Diverse Human Resources

To adapt to a market environment characterized by rapid change and uncertainty, JACCS recruits and promotes human resources that possess a wide variety of backgrounds.

Efforts for Employees

(FY)	2020	2021	2022
Ratio of mid-career recruits	47.0%	43.7%	42.8%

* The percentage of mid-career recruits within total recruits of full-time regular employees in each fiscal year

Promoting the Employment of People with Disabilities and the Establishment of These Practices

At present, there are approximately 80 people with disabilities who are playing active roles at JACCS. The ratio of employees with disabilities as a proportion of total employees is 2.47% (as of June 1, 2023). JACCS is working to create an environment in which each of these employees is able to work with peace of mind, while the Company also takes into consideration the particular characteristics of each employee's disability.

Career Design

Based on the recognition that the growth of each individual employee is the source of the Company's growth, to realize sustainable growth the JACCS Group is rebuilding its business model from diversified perspectives, going beyond the existing business and preconceived notions. Hence, the Group will work to develop a transformational workforce capable of taking the lead in value creation.

Career Interviews and Internal Advertisement of Job Opportunities

To build common ownership in an employee's career plan, the Company carries out periodic interviews related to such matters as the department in which the employee wishes to work, the skills they want to improve, and their envisaged promotion path. In addition, the Company has established an internal system for advertising job openings as an opportunity for employees to carve out a career based on their own vision.

Human Resource Development System

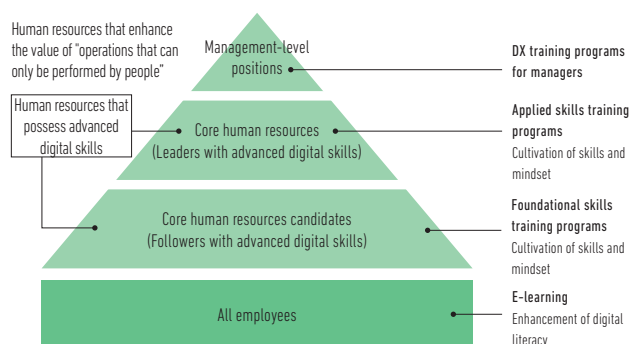
JACCS implements a wide variety of training programs aimed at promoting the growth of each individual employee.

Training and Self-Development System

Training programs	Training programs catering to each rank within the organizational hierarchy Selective training programs On-the-job training programs Training programs based on the department of assignment New recruit training programs E-learning, etc.
Self-development	Distance education Awards granted to employees who obtain qualifications Open selective training programs

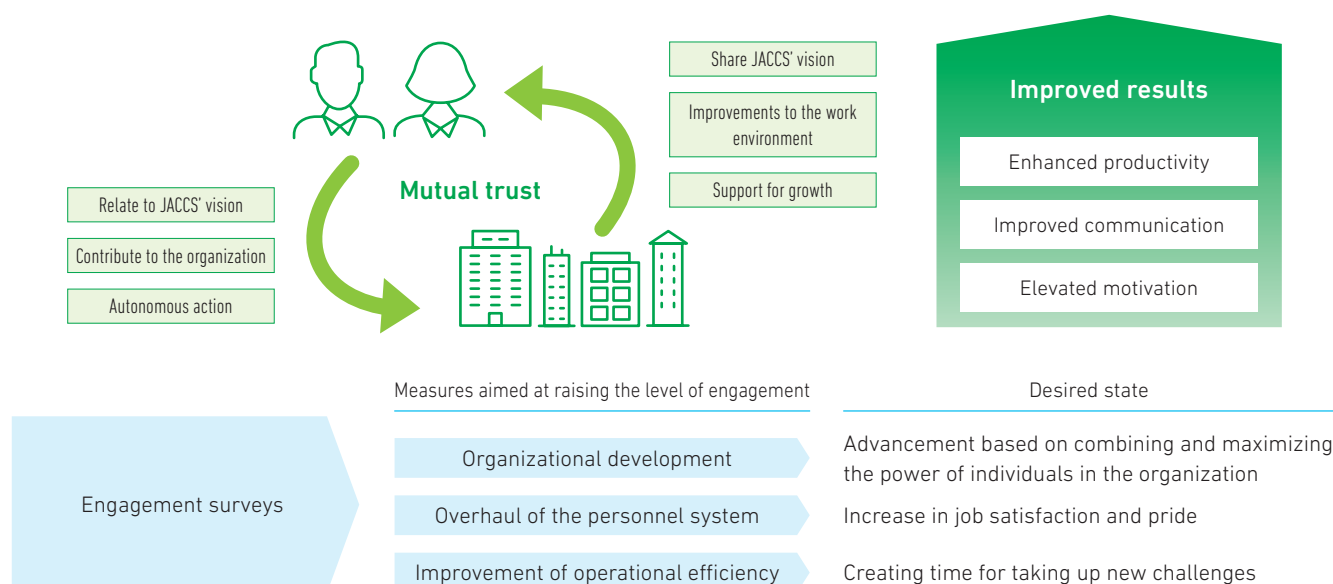
Cultivation of Human Resources that Possess Advanced Digital Skills

JACCS undertakes initiatives to cultivate human resources that possess advanced digital skills. Such human resources enhance the value of "operations that can only be performed by people."



Employee Engagement

JACCS will promote initiatives aimed at enabling employees to feel job satisfaction and realize personal growth while facing in the same direction and fully demonstrating their diverse and irreplaceable individual qualities. In doing so, JACCS will strive to create an environment in which employees and the Company choose each other and mutually enhance each other.



Engagement Surveys

For a company to grow sustainably, it is important for employees to understand and relate to the ideal form to which the company aspires—its vision—and have an autonomous desire to contribute toward achieving that goal. To understand JACCS' current situation, the Company carries out engagement surveys on an ongoing basis. Based on the results of these surveys, JACCS will actively implement measures aimed at raising the level of engagement.

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, the Company works strategically to maintain and improve the health of employees, and aims to realize working styles and an employee-friendly work environment in which employees can achieve a work-life balance.

Basic Policy on Health and Productivity Management

Guidelines for Conduct

1. Employees take their own initiative 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.
2. 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.

Promotion of Work-Life Balance

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 this recognition, the Company aims to make "qualitative improvements to the working environment."

JACCS Work-Life Balance Promotion (JWP)

JACCS is engaged in this initiative with the aim of re-evaluating working styles adopted to date, and enabling employees to increase fulfillment in both their work and non-work lives.

● Overview and Results of Initiatives

1. At least three days per month with no overtime worked; at least one "Premium Weekday"* per month

(FY)	Target (KPI)	2020	2021	2022
Achievement ratio	100%	98.4%	99.1%	98.6%

* "Premium Weekday" is JACCS' adaptation of "Premium Friday."

2. At least 60% of annual leave days used

(FY)	Target (KPI)	2020	2021	2022
Achievement ratio	85%	65.9%*	74.9%	79.3%

* In fiscal 2020, owing to measures implemented to prevent the spread of COVID-19, the conventional working styles of employees were significantly altered. Consequently, this goal was temporarily suspended.

* Average percentage of annual leave days taken by employees in fiscal 2020 is the reference actual result.

3. A maximum of 30 hours of overtime worked per month

(FY)	Target (KPI)	2020	2021	2022
Employees' average monthly overtime hours	Less than 12 hours	13.1 hours	12.9 hours	11.7 hours

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

● JACCS Group Life Care Points (JLP)

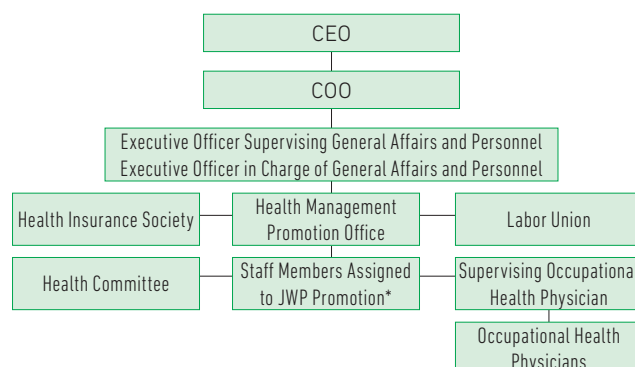
The Company, in collaboration with the JACCS Health Insurance Society, implements the JLP program, while coordinating this with a wide range of initiatives and programs. JACCS is working to develop an environment in which employees can take the initiative in maintaining and enhancing their own health and engaging in self-development and study.

As part of these efforts, the Company awards JLP to employees who achieve the following program targets. JLP may be exchanged for a range of electronic coupons and goods.

● Main Initiatives and Targets

1. At least seven days per month with no overtime worked
2. At least 70% of annual leave days used
3. Volunteer activities (twice a year)
4. Employees who complete a distance education course receive a subsidy
5. Walking events: Average number of steps exceeding 5,000 (twice a year)

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.

Implementation of Periodic Health Check-ups

This initiative is necessary to help each individual employee maintain their own health in good condition. The Company provides regular communication and educational information using such methods as notices and email. From fiscal 2020, the Company introduced a medical check-up management system. Under this system, the Company

Efforts for Employees

undertakes early response through recommendations to undertake examinations, etc., vis-à-vis employees who require follow-up testing or detailed examinations. This is based on strengthened management of health check-up data. These measures are designed to prevent disease or illness from becoming severe.

Implementation Ratio for Periodic Health Check-Ups (including examinations for lifestyle-related diseases)

(FY)	Target (KPI)	2020	2021	2022
Implementation ratio	100%	100.0%	100.0%	100.0%

* Actual figures

Mental Health Support Measures

● Stress Checks

With the aims of preventing mental health deterioration before it occurs and improving work environments, which can be a source of stress, the Company implements stress checks based on the Industrial Safety and Health Law.

● Stress Check Implementation Ratio

(FY)	Target (KPI)	2020	2021	2022
Implementation ratio	100%	99.8%	99.8%	100.0%

● Results of Stress Checks

(FY)	Target (KPI)	2020	2021	2022
Overall health risk	100	102	100	99

* "Overall health risk" is calculated as a numerical value that compares the results of an assessment with the national average, which has an index value of 100. The overall assessment is based on an evaluation chart comprising "work volume burden, control" and "manager support, co-worker support."

● Understanding Actual Conditions in the Work Environment

To understand actual conditions in the work environment and the situation of each individual employee (career and life plans, etc.), specialist staff carry out visits to business departments and individual interviews.

● JACCS Health Dial

The Company, labor union, and health insurance society have jointly established an externally based consultation service for employees.

Highly experienced staff provide consultation on such matters as health, medical treatment, nursing care, child-rearing, medical second opinions, and mental health. The service also offers information on medical institutions, etc.

In addition, for employees who have been transferred from Japan to work at overseas associated companies, JACCS has introduced a 24-hour overseas medical consultation service.

Acquisition of Various Certifications

JACCS has acquired certification under various programs based on the high appraisal of its initiatives to date.

1. Certified Health and Productivity Management Organization, 2023 Recognition Program ("White 500")

This program was launched in 2016, and is operated by the Ministry of Economy, Trade and Industry (METI). The program awards companies that have been recognized as high-quality health and productivity management organizations. The top 500 organizations from among those certified within the large organizations category are awarded "White 500" status.

JACCS has received White 500 certification for six consecutive years since 2018.



2. Act on Advancement of Measures to Support Raising Next-Generation Children ("Platinum Kurumin")

"Kurumin" is a certification program for companies operated by the Ministry of Health, Labour and Welfare (MHLW) pursuant to the Act on Advancement of Measures to Support Raising Next-Generation Children. Under this program, a company formulates an action plan, and if it meets certain criteria, it is certified as a "Child-rearing Support Company." JACCS received certification under the program. In 2021, the Company was appraised for the very high quality of its initiatives, and received the advanced certification of "Platinum Kurumin."



3. "Eruboshi" Certification under the Act on Promotion of Women's Participation and Advancement in the Workplace

"Eruboshi" is a certification program for companies that have met certain criteria in their programs pursuant to the Act on Promotion of Women's Participation and Advancement in the Workplace, and have been recognized for their excellence in this area.

JACCS was recognized as an excellent company for its programs in relation to women's participation and advancement, and received "Eruboshi" certification in 2021.



4. "Hataraku Eru" Award and Certification Program for Employee Welfare

The "Hataraku Eru" program awards organizations that have extensive employee welfare programs and invest significant efforts into those programs.

Since 2020, JACCS has received certification for excellence in employee welfare four years running.



Social Contribution Initiatives

Selection of Priority Areas

The JACCS Group's Basic Policy on Social Contribution Activities is "to contribute to the realization of an affluent society and a future inspired by dreams, the JACCS Group engages in social contribution activities that prioritize harmonious coexistence with local communities. As a good corporate citizen, the Group fosters a corporate culture that encourages all officers and employees to participate voluntarily in social contribution activities." In line with this policy, the Group has to date undertaken social contribution activities that prize harmonious existence with local communities.

To further promote such activities, in fiscal 2022 the Company defined three priority areas as the guiding principle for its activities—local communities, the next generation, and the environment. The Group is committed to undertaking social contribution activities that focus on these priority areas.

Local communities:

As a member of each local community in which the Group operates, we will seek to play an active role in each community while building a mutually beneficial relationship.

Next generation:

By supporting the next generation—on whose shoulders the future will rest—the Group will strive to foster rich hearts and fertile minds in children and young people.

Environment:

While recognizing that the lives and livelihoods of each individual depends on a healthy and abundant global environment, the Group will strive to contribute to environmental conservation.

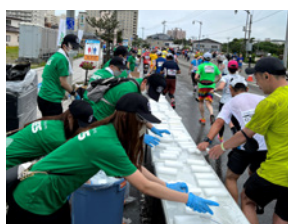
Social Contributions through Charitable Donations

Examples of Initiatives in Fiscal 2022

Initiative	Summary
Donations to assist communities affected by natural disasters	Under the Company's "Lovely Point" program, customers accrue loyalty points each month based on card usage amount. Cardholders may redeem points to make charitable donations. In fiscal 2022, donations included: <ul style="list-style-type: none"> • Donation to communities affected by Typhoon Talas in September 2022 • Donation amount: ¥210,000
Japan Guide Dog Association (JGDA) Card	Approximately ¥14.14 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 ¥5.24 million donated to 10 organizations, including the NPO Gold Ribbon Network, which supports child cancer patients

Supporting the Hakodate Marathon

JACCS has been a corporate sponsor of the Hakodate Marathon since the event was first held in 1991. Hakodate is the city in which JACCS was founded, and since 2016 JACCS has worked to help make this major event for the city as successful and fun as



possible. As part of these efforts, JACCS officers and employees have participated as water station volunteers. At the 2022 Hakodate Marathon, held on July 3, officers and employees cheered on the runners by handing out water sponges.

Donation of "Bell Mark" Coupons to Local Elementary Schools

Under the project conducted at the JACCS Group to collect "Bell Mark" coupons—printed on the packaging of many products in Japan—cooperation has been received from JACCS sales offices throughout Japan, which have made donations to schools in their local areas. In fiscal 2022, donations of 100,000 points (equivalent to ¥100,000) each were made to four elementary schools—in Sapporo City, Hokkaido; Asahikawa City, Hokkaido; Yahaba Town, Iwate Prefecture; and Mutsu City, Aomori Prefecture. The donated coupons have been used to purchase educational and other equipment needed by the schools. In the future, through the collection and donation of "Bell Mark" coupons, JACCS will continue to support children, who represent the future.



Social Contribution in Indonesia

Within the JACCS Group, the Group companies operating in four ASEAN region countries carry out social contribution activities under the theme of harmonious coexistence with local communities.

In October 2022, JACCS affiliate in Indonesia, PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA (JMFI), cooperated with the Department of Agriculture and the Department Food Security of Gunung Kidul Regency to carry out a project to plant 100 avocado seedlings in the cultural tourism center area of Giring village, Paliyan, in the Special Province of Daerah Istimewa Yogyakarta. After the avocados are harvested, it will be possible to repeatedly replant seedlings. This type of cycle will become a future source of income for residents and the local community. The Department of Agriculture and the Department Food Security expressed their gratitude for the project, which is contributing to the village's economic development.



Information Security

Basic Approach (Overview)

Thanks to the advance of digital technologies, JACCS' customers and business partners are able to use the Group's financial services with peace of mind. Furthermore, one of JACCS' social responsibilities is to contribute to the stable operation and sustainable development of financial infrastructure. However, amid the rise of the information- and network-based society, and against a backdrop of the recent international situation, cyberattacks—which threaten the stability of financial infrastructure—are becoming an increasingly serious issue. Owing to the rapid increase in the sophistication and subtlety of cyberattack methods, the potential cyber risks faced by JACCS are growing. To facilitate the reliable provision of financial services, the Company's management recognizes that strengthening information security is a key management task. Hence, the Company has established its Basic Policy on Information Security, based on which it appropriately manages and protects the information assets held by JACCS, and strives to continuously maintain and enhance its information security preparedness.

Basic Policy on Information Security

To maintain the trust and confidence of all its stakeholders, including consumers and business partners, the JACCS Group views the protection of its information assets as a key management task. In line with this, the Group has established the Basic Policy on Information Security. Under the active leadership of senior management, the Company works to maintain its information security system and reduce risk.

Information Management System

The JACCS Group has established various internal regulations relating to information security, including the Information Security Countermeasures Code and the Cybersecurity Management Code. As well as maintaining strict compliance with these codes, the Company has also developed a system to promote information security.

JACCS recognizes the risk of cyberattacks as an important management issue, and has built a system in accordance with the Cybersecurity Management Guidelines. The Company carries out planning and execution of cybersecurity countermeasures under the leadership of senior management. Furthermore, as a posture capable of responding rapidly to cybersecurity incidents, JACCS has established the JACCS Computer Security Incident Response Team (JACCS-CSIRT) under the leadership of the directors responsible for compliance and information systems. The Group has built a management structure, under which JACCS-CSIRT gathers information internally and externally on potential threats and vulnerabilities, plans and implements security countermeasures, and reports on these matters to such management bodies as the Personal Information Protection Committee, Emergency Response Committee, and Management Committee.

In addition, JACCS has established an information security management system (ISMS), and has received certification under ISO/IEC 27001, the international standard relating to information security. The Company has also established the Information Security Management Committee—chaired by the director responsible for information systems—which advances policies and a range of initiatives based on the plan–do–check–act (PDCA) cycle.

Information Management Initiatives

Information Security

To maintain and enhance information system security on a continuous basis, JACCS has received certification under ISO/IEC 27001 and has built an ISMS. In addition, with regard to the Company's core computer system (JANET), web-based systems, and authorization system, JACCS has received conformity certification under the Payment Card Industry Data Security Standard (PCIDSS), which is an internationally recognized standard relating to credit card information protection. In conjunction with this, JACCS undertakes ongoing measures to maintain system security.

Continuous Strengthening of Cybersecurity

JACCS implements an array of technical countermeasures based on defense-in-depth security architecture. This includes entry-point countermeasures to prevent unauthorized access—internal countermeasures such as detection systems that anticipate cyberattacks on the internal network—and exit-point countermeasures to prevent data leaks. Through periodic vulnerability assessments as well as vulnerability checks using penetration tests—conducted by third-party specialists—the Company verifies the effectiveness of its cybersecurity measures. This forms part of an ongoing program to strengthen cybersecurity. In addition, JACCS receives security intelligence, research, and response information from external organizations, including the Japan Computer Emergency Response Team Coordination Center (JPCERT/CC). Hence, we are striving to strengthen our security vis-à-vis cyberattacks and other threats, which are constantly changing and becoming more elaborate.

The Company operates JACCS-CSIRT as an organizational unit tasked with responding to cyber incidents. JACCS-CSIRT holds regular meetings to evaluate risk response, and works to strengthen the Group's security preparedness.

Implementation of Information Security Training Programs

JACCS conducts e-learning programs for all officers and employees, covering such areas as information security and personal information protection. In addition, in response to potential cyberattack risks, such as targeted email attacks, the Company runs Targeted Email Attack Exercises, which comprise actually sending simulated attack emails to all directors and employees. These exercises aim to raise security awareness among staff and managers through the experience of receiving such emails. The Company also takes measures to minimize impact even in the case that it suffers damage from an attack.

Measures in Response to Natural Disaster Risk

In preparation for a major earthquake or other large-scale disaster, JACCS' Information Processing Center is located in a building that has an earthquake-resistant structure, enabling continuity of operations even in the event that the Company's core computer system suffers damage. The Information Processing Center is equipped with power supply system redundancy (duplicated circuits) and on-site backup power generation facilities. Furthermore, the Company has constructed a backup center for the core computer system. Therefore, even in the unlikely event that the main system was rendered inoperable, the backup center would take over JACCS' core operations (credit screening, sales, settlement, receipt of payments, etc.), thereby avoiding operational delays.

The Challenges to Improving Corporate Value

As a consumer finance company in Asia, the JACCS Group aims to establish itself as a top brand and is promoting the strengthening of its earnings base in each of its domestic and overseas businesses.

JACCS' outside directors, with diverse backgrounds and knowledge, spoke candidly about the roles they play in this development, and the challenges JACCS faces in realizing its long-term vision.



Masahito Suzuki

Outside Director

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
 Director of the Board of Kirin Company, Limited
 Mar. 2014 Audit & Supervisory Board Member of Kirin
 Holdings Company, Limited
 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)
 Apr. 2019 Visiting Professor at the graduate school of Tokyo
 Metropolitan University

Kyoko Okada

Outside Director

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
 June 2019 Outside Audit & Supervisory Board Member of
 NS Solutions Corporation
 June 2020 Outside Audit & Supervisory Board Member of
 Daio Paper Corporation (current position)
 June 2021 Director of the Company (current position)
 June 2022 Outside Audit & Supervisory Board Member of
 NEC Corporation
 June 2023 Outside Director of NEC Corporation
 (current position)

Yuko Shitamori

Outside Director

Apr. 1999 Joined Lion Corporation
 July 2008 Director of FINCH JAPAN Co., Ltd.
 Sept. 2017 Representative Director and President of
 InTol Japan Inc. (current position)
 July 2022 Sales Advisor of Brand Cloud Inc.
 (current position)
 June 2023 Director of the Company (current position)

Hiroji Sanpei

Outside Director

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

Outside Director Roundtable Discussion: The Challenges to Improving Corporate Value

Corporate Governance and the Board of Directors

What are your general impressions of corporate governance and the Board of Directors?



Suzuki: I think the entire Board of Directors is well-managed, including the agenda materials and proceedings. When I was first appointed as an outside director in June 2018, I had the impression that internal Board members made few remarks and were not particularly involved in discussions at Board of Directors' meetings. However, when I talk with them individually, I feel that they are extremely sincere about their work and consumers, and I believe that their statements and discussions at Board of Directors' meetings are becoming more active with each meeting.



Okada: I was appointed as an outside director in June 2021. I believe that JACCS is committed to evolving its corporate governance to properly respond to the demands of society. Also, communication among the outside directors, including the Audit & Supervisory Board members, is very good. JACCS has a lead outside director, and this system is functioning well, with regular meetings held exclusively for outside officers, creating an environment for active sharing of information and exchange of opinions. I feel that these are a strong

foundation for enhancing the effectiveness of corporate governance.



Shitamori: I just took office in June of this year, but like Mr. Suzuki said, my first impression is that everyone is working sincerely and steadily on management. I also have the impression that corporate governance is being conducted by a professional group, with the right people in the right positions, each with a sense of professionalism. On the other hand, looking ahead to various changes in circumstances and assuming a situation in which we have turned to aggressive management in the future, I believe it will be necessary to adopt different judgment criteria and a different variety of governance.



Sanpei: I have been serving as an outside director since June 2022, and like everyone else, I strongly feel the sincerity of JACCS employees. I have to imagine this is due to the understanding of the founding philosophy, "Trust is the basis for all." I feel that this corporate culture is the foundation and strength of JACCS' corporate governance.

So, how do you see the progress of corporate governance and the Board of Directors?



Suzuki: Although there has been no change in management itself, improvements are being made year by year in terms of the systems that support it. As an example, important projects are now explained in advance on the Web, and on-site tours of customer centers and other facilities are conducted. As well, the knowledge of outside directors and outside Audit & Supervisory Board members concerning JACCS has been greatly enhanced through, for example, their participation in the formulation of the medium-term business plan, which has strongly contributed to improving the effectiveness of governance at the Board of

Directors. The effectiveness of the Board of Directors has improved year by year, and I feel that it has changed greatly in the past five years.



Okada: We started holding regular meetings between outside officers and representative directors. Although we are still at the trial-and-error stage, these meetings are held after discussing the themes at a liaison meeting of outside directors in advance. I feel that this will be an extremely meaningful forum as new issues for JACCS come to light in the future.

What are your thoughts on ensuring diversity on the Board of Directors?



Sanpei: While I believe that there is an appropriate balance of human resources, as indicated in the skills matrix, I am concerned that there are still no female executives. Currently, JACCS has many talented female managers in each of its centers, including the screening center and the customer center, and the human resource base is gradually increasing. Also, in JACCS' business, there is almost no job that can only be done by men. In this context, I believe that one of the issues we will face in the future will be how to quickly achieve the development of female managers and executives.



Shitamori: Recently, JACCS has been focusing on establishing a revenue base for its overseas business, and I believe that the addition, in the near future, of a director of foreign nationality would be a good idea. It may be difficult to choose the person, but there are companies like that in the MUFG Group, so I think it is worth trying in terms of ensuring diversity.



Okada: I would like to say a few words about the skills matrix that Mr. Sanpei mentioned. I think that the matrix should be in the form of backcasting from the medium- to long-term goals, but the present

reality at JACCS is that it is still in the form of applying the skills of each individual. As such, in the next stage I would like to aim to share a skills matrix indicating what we want to be in the future. At the same time, the systematic development of executive candidates for the appointment of female directors will be an important point in ensuring diversity on the Board of Directors in the future.



Suzuki: About two years ago, we started holding regular interviews with outside officers and candidates for future management positions for officers and above, but I am concerned that there are

still no women among them. Since JACCS is a member of the MUFG Group, I believe that exchanges of human resources, including those outside Japan, will be an effective means of developing human resources, including women. I also believe that in terms of diversification of human resources, active recruitment of experienced workers will become more important in the future.

What is the status of deliberations on sustainability and materiality?



Okada: After intensive discussions with outside officers from the year before last to last year, we came to identify our current sustainability policy and materiality. These are firmly incorporated into the current medium-term business plan, but on the other hand, it seems that the medium-term plan, sustainability, and materiality are still in-progress in tandem. I think how to integrate them will be the next challenge.



Suzuki: We do not discuss sustainability and materiality at every Board meeting, but we have decided the direction, that JACCS will do what it can, for example, to contribute to decarbonization through financing services. Therefore, I believe it is necessary for us to regularly check and verify the progress of these efforts at a pace of about once every quarter.

What activities are the Nominations Advisory Committee and the Remuneration Advisory Committee, both of which have a majority of outside directors, engaged in?



Suzuki: Based on the regular interviews with candidates for future management positions for officers and above, which I mentioned earlier, I feel that the level of the Nominations Advisory Committee is improving. The calculation formula for remuneration is basically determined by internal regulations, but since the current fiscal year, we have been able to use an external compensation consulting company to make comparisons relative to other companies.



Okada: I would like to suggest that we create a CEO succession plan for the near future. Also, regarding remuneration, an increasing number of companies are reflecting sustainability perspectives and ESG indicators in the remuneration of directors, so I believe that it is time for JACCS, which has already identified its materiality, to start discussions on reflecting sustainability performance in executive remuneration.

Toward Realization of Our Long-Term Vision

From a supervisory perspective, how do you evaluate management execution to realize the long-term vision, such as initiatives for the medium-term business plan?



Suzuki: The Board of Directors is constantly checking whether each agenda item is in line with the medium-term business plan. We recognize that the future of the overseas business, the development of human resources to support it, and the entry into new businesses that are more profitable in Japan will become issues. Needless to say, the development and allocation of human resources to support the overall medium-term business plan will be the most important point. I mentioned personnel exchanges with the MUFG Group earlier, and I hope to see JACCS work more quickly to build a foundation, including

collaboration with the MUFG Group and the hiring of experienced personnel.



Okada: I agree with Mr. Suzuki. In addition, I believe that JACCS still has room for growth in terms of demonstrating strengths and advantages compared to other companies in the industry. Mr. Suzuki mentioned new businesses, and I hope that in the future we will create services and innovations that take advantage of the strengths of JACCS. In terms of human resource strategy, I also hope that everyone will constantly evaluate themselves using the indicators in the engagement survey we started a few years ago,

Outside Director Roundtable Discussion: The Challenges to Improving Corporate Value

and constantly verify whether the Company is attractive to employees, whether they feel a sense of growth through their work, and whether they are being given satisfactory compensation and positions.



Shitamori: Speaking frankly from my perspective as someone who specializes in corporate consulting, my impression of JACCS is that there is a very large upside potential and discrepancy between plans and results. Although there may be many areas over which we have no control, I would like to make various proposals while working to improve the sophistication of budgeting.



Sanpei: I believe that JACCS has a strong and solid revenue-generating business model and that its business performance has also been solid. While taking this as an objective fact, I would like to make the point there is always a risk that the current business model will be disrupted in the long term regardless of the industry or business model. In other words, it is necessary for companies to constantly seek new pillars, and I believe that how to think about and structure such new businesses at JACCS, whether in Japan or overseas, will be a major issue in creating the JACCS of 10–20 years from now.

To Further Enhance Corporate Value

What are the challenges and themes that JACCS will face in further enhancing its corporate value, and what will your role be in this process?



Suzuki: I am repeating what everyone else has said, but the key issues will be the future development of and management policy for the overseas business, which will drive growth, and new pillars for long-term domestic growth, and the training, allocation, and recruitment of human resources who support these two. I would also like to contribute to these efforts, especially in the overseas business, by making use of my experience.



Okada: I would like to raise two important issues or themes for JACCS in the future. The first is human resource strategy. Human resource strategy is meaningless if it is not integrated with management strategy. I would like the current management team to formulate and implement a human resource strategy linked to JACCS' management strategy. In addition, JACCS has long maintained the human resources system of Global and Regional employees, but I think a major theme is to review the personnel system in a way that suits the new era. Second is DX, which is also incorporated in the medium-term business plan. As the Board of Directors, I would like for us to properly confirm that we are not disadvantaged compared to other companies and that we are looking ahead to the future. Since I came from a cosmetics company where women are actively involved, I would like to make use of this background and my experience as an outside officer at other companies to make efforts to contribute to the field of diversity management in particular.



Shitamori: My personal understanding and view, based on the history of JACCS' growth, is that the enhancement of corporate value that JACCS should aim for is to become a company that will survive globally in the future as a company that originated in Japan. Based on this premise, I believe that it will be necessary to establish a service model that is in line with the trends of the times and a corporate structure that is agile and flexible. In this context, I would like to contribute to the enhancement of JACCS' corporate value, mainly by utilizing my IT knowledge.



Sanpei: To be frank, JACCS is a very good company. Each and every one of JACCS' employees faces the market with sincerity and steadily conducts sales activities on a daily basis, which has led to strong bonds with member stores and today's good performance. Despite this attractive business structure, I am concerned that the current situation is not well understood by stock market participants, general consumers, and students, and I would like to raise the point of strengthening PR activities as a future issue. Also, as Ms. Shitamori mentioned just before, I think that how to change the business model is one of the biggest issues, and I would be happy to offer my opinions on that aspect.

Corporate Governance

Overview of Corporate Governance at the JACCS Group

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

Fundamental Corporate Governance Philosophy

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

The JACCS Group has defined its fundamental corporate governance philosophy, and formulated its basic policy relating to the framework and operation of corporate governance. For further details, please visit the JACCS website at:
https://www.jaccs.co.jp/en/corporate/about/governance_info/governance/



Policy Regarding Shareholdings

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

As of March 31, 2015, the Company held shares in 115 companies. However, by March 31, 2023, this figure had been reduced to 46 companies.

In cases where the Company exercises its voting rights related to its shareholdings,

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

Corporate Governance Structure

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

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

Board of Directors

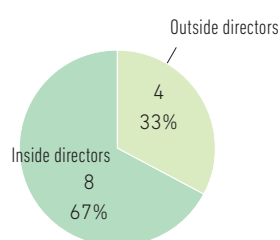
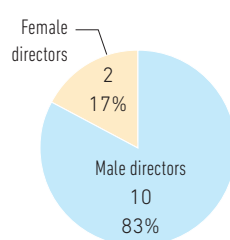
The Board of Directors determines the Company's basic management policies, and makes decisions regarding important operational matters and other matters delegated by resolution of the General Meeting of Shareholders. The Board of Directors also makes decisions on matters stipulated by law and the Company's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

With regard to meetings of the Board of Directors convened in fiscal 2022, the following is a sample of resolutions and reports carried out over the year.

Resolutions	Revision of a portion of the Articles of Association, formulation of the medium-term business plan, business plans, financial results, dividends, agenda of the General Meeting of Shareholders, establishment of various basic policies, fundraising, business and merger of a subsidiary, capital and business alliance of subsidiary, organizational overhaul, personnel changes, policy for strategic shareholdings, disposal of treasury stock related to stock-based compensation, etc.
Reports	Change in accounting treatment, status of improvements to the internal control system, status of corporate bond issuance, evaluation of the effectiveness of the Board of Directors, audit plan, activity status of internal audit, status of dialogue with shareholders and institutional investors, initiatives on ESG measures, etc.

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

Corporate Governance

Ratio of Outside Directors
within the Board of DirectorsGender 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 evaluates the compliance of procedures, carries out internal audit based on risk, and considers and evaluates the effectiveness of risk management control and governance processes for the overall operations of each JACCS Group business site.

Accounting Auditor

JACCS appoints an accounting auditor, and the Audit & Supervisory Board makes a selection after deliberating on whether or not the candidate is appropriate as accounting auditor.

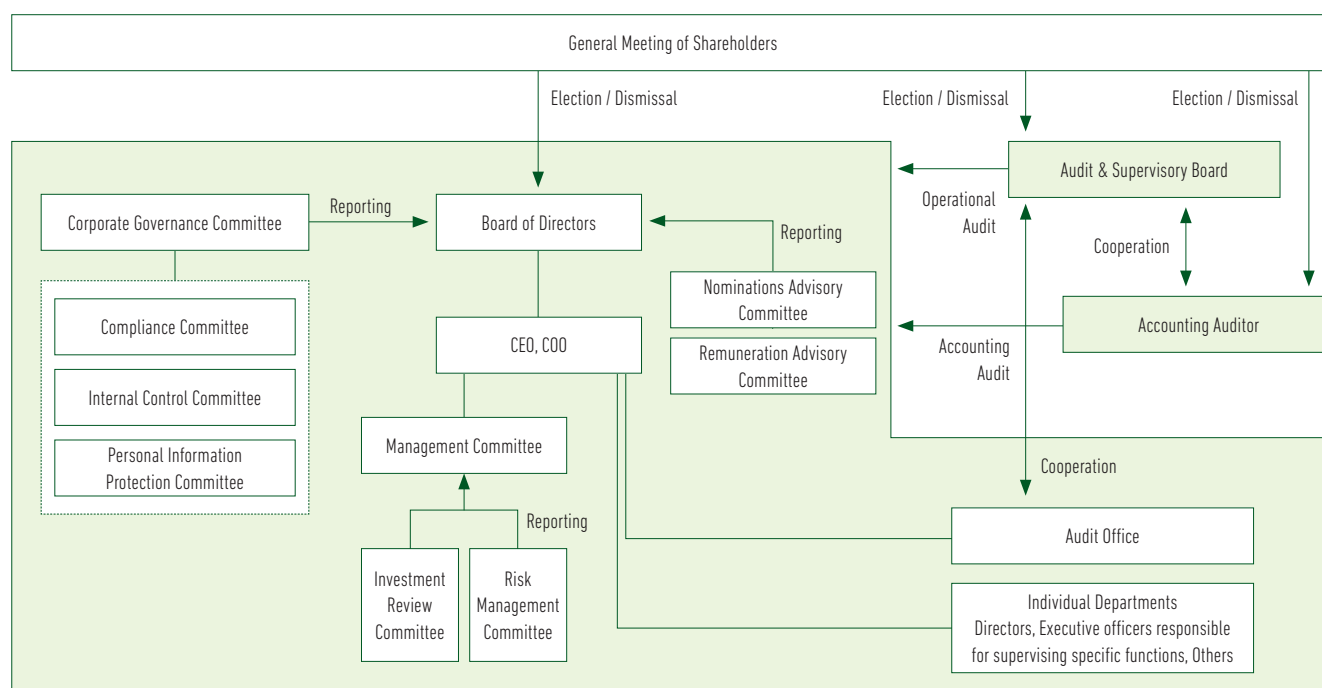
Committees

● Nominations Advisory Committee

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

In fiscal 2022, the Nominations Advisory Committee convened once, and carried out the nomination of representative directors, 12 directors, and executive officers responsible for supervising specific functions. The committee reported its findings to the Board of Directors.

Corporate Governance Structure



● 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 is chaired by the CEO and its membership comprises representative directors, the director responsible for overseeing general affairs and personnel, and outside directors. By making independent outside directors a majority, the committee ensures that independence, objectivity, and transparency are maintained.

In fiscal 2022, the Remuneration Advisory Committee convened once, and carried out evaluation of the performance of directors and executive officers responsible for supervising specific functions in fiscal 2021. The committee examined and discussed the content of remuneration, etc., and reported its findings to the Board of Directors.

● Corporate Governance Committee

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

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

The Corporate Governance Committee's membership comprises representative directors, each of the directors responsible for supervising general affairs and personnel, compliance, and risk supervisory, and outside directors. By including outside directors as committee members, the Company ensures the effectiveness of the committee.

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.

● Risk Management Committee

JACCS has established the Risk Management Committee as an advisory body to the Management Committee. The purpose of the Risk Management Committee is to ensure the effectiveness of the JACCS Group's ERM preparedness. The committee considers and debates matters relating to the following, and reports its findings to the Management Committee.

- Reports received from the ALM Committee, the Credit Risk Management Committee and the Operational Risk Management Committee, and miscellaneous matters relating to risk management in general
- Matters relating to risk appetite, changes in risk amount and actual risk amount
- Matters relating to the identification, evaluation and review of major risks affecting the JACCS Group, as well as the determination of countermeasures and monitoring of implementation of such measures
- Examination of the performance situation of risk management as a whole and medium- to long-term risk strategy

The Risk Management Committee's membership comprises the representative directors, each of the directors responsible for supervising headquarters functions, the general manager of the Audit Office, and general managers of headquarters

departments and offices appointed members as required. In principle, the committee convenes four times a year. The committee may call JACCS officers or employees that are not committee members, as well as outside experts, and full-time Audit & Supervisory Board members have the right to attend meetings of the committee, whether or not their attendance is specifically requested.

Investment Review Committee

The Company has established the Investment Review Committee as an advisory body to the Management Committee. The Investment Review Committee considers and discusses the growth potential and profitability of new businesses and new products, etc., and the evaluation of related risks, and reports its findings to the Management Committee.

The Investment Review Committee's membership comprises the representative directors, each of the directors responsible for supervising headquarters functions, and general managers of headquarters departments and offices that have been appointed members. The committee may call JACCS officers or employees that are not committee members, as well as outside experts, and full-time Audit & Supervisory Board members have the right to attend meetings of the committee, whether or not their attendance is specifically requested.

Outside Directors and Outside Audit & Supervisory Board Members

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

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

<Standards for the Independence of Outside Officers>

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

The Company convenes a committee comprised entirely of outside directors and outside Audit & Supervisory Board members. This committee conducts discussions regarding matters related to the Company's business and corporate governance. The committee members appoint one of the independent outside directors as the lead independent outside director by an internal committee vote. The lead independent outside director serves as chair of the committee, which works to exchange information and share awareness, and makes recommendations to management.

Corporate Governance

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 fiscal 2022 was as follows.

Name of directors and Audit & Supervisory Board members		Number of attendances at meetings of the Board of Directors*	Number of attendances at meetings of the Audit & Supervisory Board*
Chairman, CEO and Representative Director	Toru Yamazaki	8/8	—
President, COO and Representative Director	Ryo Murakami	7/8	—
Director and Senior Managing Executive Officer	Hitoshi Chino	8/8	—
Director, CFO and Senior Managing Executive Officer	Takashi Saitou	8/8	—
Director and Managing Executive Officer	Kenichi Oshima	8/8	—
Director and Managing Executive Officer	Toshio Sotoguchi	6/6	—
Director and Senior Executive Officer	Osamu Ohta	6/6	—
Director and Senior Executive Officer	Ichiro Kobayashi	6/6	—
Outside Director	Masahito Suzuki	8/8	—
Outside Director	Junko Nishiyama	8/8	—
Outside Director	Kyoko Okada	8/8	—
Outside Director	Hiroji Sanpei	6/6	—
Audit & Supervisory Board Member (Full-time)	Terukazu Shimokawa	8/8	7/7
Audit & Supervisory Board Member (Full-time)	Yasuyuki Okumoto	8/8	7/7
Outside Audit & Supervisory Board Member	Shinji Murakami	8/8	7/7
Outside Audit & Supervisory Board Member	Yusuke Komachiya	8/8	7/7

* Number of attendances 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

Each year, the JACCS Board of Directors carries out an analysis and evaluation related to the effectiveness of the Board of Directors. To draw out the candid opinions of the parties involved, and guarantee objective analysis, this is carried out by outsourcing questionnaire survey analysis and evaluation to an outside institution.

In fiscal 2022, the Company carried out a questionnaire survey vis-à-vis directors and Audit & Supervisory Board members, which took into account the previous year's issues. The themes of the survey were: 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;

Skills Matrix of Directors

(As of June 29, 2023)

Name of director	Titles	Corporate management	Sales and marketing	Global business	Finance and accounting	Human resources, human resource development and diversity and inclusion promotion	IT and systems	Legal affairs and risk management
Toru Yamazaki	Chairman, CEO and Representative Director	●	●	●				●
Ryo Murakami	President, COO and Representative Director	●	●	●				●
Takashi Saitou	Director, CFO and Senior Managing Executive Officer	●			●	●		●
Kenichi Oshima	Director and Managing Executive Officer					●	●	●
Toshio Sotoguchi	Director and Managing Executive Officer	●		●				●
Osamu Ohta	Director and Senior Executive Officer						●	
Ichiro Kobayashi	Director and Senior Executive Officer		●					●
Akihito Suehiro	Director and Senior Executive Officer		●					
Masahito Suzuki	Outside Director	●		●	●			●
Kyoko Okada	Outside Director		●			●		●
Hiroji Sanpei	Outside Director	●	●			●		
Yuko Shitamori	Outside Director	●					●	

Notes: 1. The table above describes the skills that are specifically expected of each director.

2. All directors practice corporate management in accordance with the Company's Basic Policy on Sustainability. Consequently, the table above does not include sustainability as a skill category.

corporate ethics and risk management; and enhancement of relationships with shareholders and other stakeholders. As a result of analysis and evaluation, the Company recognized that there had been an improvement in efforts to address issues of the previous year. Furthermore, in addition to these results, the Board of Directors discussed ongoing issues and responses that should be carried out, including those relating to operation of the Board of Directors. The Company recognized that effectiveness of the Board of Directors as a whole was largely obtained.

In the future, the Company will aim for an even higher level, and strive for further enhancement of effectiveness of the Board of Directors.

Compensation of Officers

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

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

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

1. Compensation of executive directors

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

(i) Basic compensation (Cash compensation)

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

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

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

2. Compensation of outside directors

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

3. Procedures for determining compensation of officers

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

4. Compensation of Audit & Supervisory Board members

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

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

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

Officer category	Total compensation (Millions of Yen)	Total compensation by type (Millions of Yen)					Number of directors or Audit & Supervisory Board members
		Basic compensation	Stock-based compensation utilizing shares with restriction on transfer	Retirement allowance	Performance share unit	Non-cash compensation, etc., included within the amount shown on the left	
Directors (excluding outside directors)	397	339	57	—	—	—	11
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	42	42	—	—	—	—	2
Outside officers	49	49	—	—	—	—	7

Notes: 1. The amounts presented have been truncated to whole million-yen amounts.

2. Pursuant to resolutions of the 90th Ordinary General Meeting of Shareholders, held on June 25, 2021, the total annual amount of directors' compensation is set within a ¥600 million limit (including the total annual amount of compensation of outside directors set within a ¥50 million limit), and the total annual amount of compensation of Audit & Supervisory Board members is set within a ¥80 million limit.

3. The directors' compensation presented in the above table includes that of three directors whose term of office ended at the conclusion of the 91st Ordinary General Meeting of Shareholders, held on June 29, 2022.

4. The officers' compensation presented in the above table includes that of one outside director whose term of office ended at the conclusion of the 91st Ordinary General Meeting of Shareholders, held on June 29, 2022.

Corporate Governance

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

The Company works to dispatch notices of convocation of the General Meeting of Shareholders as early as possible. Notice of the Ordinary General Meeting of Shareholders held on June 29, 2023, was dispatched on June 7, 2023. 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.

Status of Dialogue with Shareholders and Institutional Investors

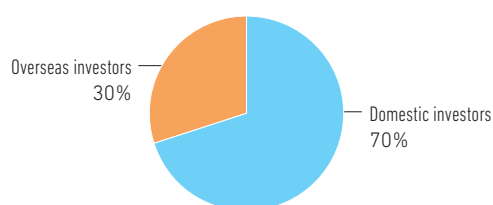
To contribute to sustainable growth and the medium- to long-term enhancement of corporate value, JACCS has made the director responsible for supervising corporate planning responsible for dialogue with shareholders and institutional investors. By carefully explaining such matters as JACCS' management strategy and operating performance, we strive to deepen understanding of JACCS. The Company also works to reflect in its business the valuable opinions it receives.

The status of dialogue in fiscal 2022 was as follows.

Dialogue Status and the Principal Responders from JACCS

	Principal responders	Progress
Financial results briefing	President and Representative Director, CFO, directors responsible for supervising each business	Each half-year
Individual meetings	CFO, director responsible for supervising corporate planning, executive officer (General Manager of the Corporate Communications Department), Corporate Communications Department, Finance Department	87

Outline of Shareholders and Institutional Investors that Participated in Dialogue



* Based on the number of companies

The Company met with active investors, such as growth and value investors, and conducted dialogue with fund managers, analysts, and ESG specialists.

Main dialogue themes and main items of interest to shareholders and institutional investors

- Overview of financial results and performance forecast outlook
- Progress on the medium-term business plan
- Impact on performance of interest rate rises, and countermeasures
- Market growth potential and medium- to long-term growth scenario
- Measures and policies aimed at improving P/B ratio
- Risks faced by JACCS and hedging of risk
- Reason for the selection of the new CEO, and the background

- Synergies and relationship with MUFG
- Holding policy for strategic shareholdings

Insights gained through dialogue

We received a broad array of opinions from shareholders and investors. This included the views on growth potential of both JACCS and the market, and regarding shareholder return. To respond to the expectations of shareholders and investors, we will work to enhance such key investor relations (IR) activities as disclosure and dialogue to promote understanding of our growth strategy.

Situation regarding feedback on the senior management team and the Board of Directors

Each quarter, we have made it a regular practice to receive reports from the director responsible for supervising corporate planning at the Management Committee and Board of Directors. Apart from regular reports, when the opportunity allows, the director responsible for supervising IR shares information with senior management.

Results of dialogue

- Expanded disclosure content for financial results materials
- Holding of results briefings in hybrid format (in-person, online)
- Rapid publication of results briefing materials (timing of publication changed from post-briefing to pre-briefing)
- Expansion of scope of English-language materials (newly expanded to include financial results release (*kessan tanshin*) and corporate governance report)

Internal Control

In addition to building an expeditious and efficient structure for operational execution, JACCS 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.

The Company has established the Internal Control Committee and Compliance Committee—both chaired by the CEO—which convene regularly. The Corporate Governance Committee carries out evaluation of these committees' activities and confirms important matters handled by them, and reports on this to the Board of Directors.

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



Compliance

The Compliance Supervisory Department undertakes planning, promotion, training and monitoring related to compliance. To ensure the effectiveness of compliance, the Company appoints managers responsible for compliance promotion and compliance staff in each department. The Company works to maintain compliance with relevant laws and ordinances, through continuous education and training. Particular attention is paid to laws that have a close relationship with performance of duties, including the Installment Sales Law, Money Lender Business Law and Payment Services Act.

The Company has built a system for compliance with anti-corruption laws, both in Japan and other relevant jurisdictions. This includes refusing involvement with corrupt practices in any shape or form, in accordance with the "Anti-Corruption Regulations." In addition, the Company has established internal and external points of contact for its Whistleblower Hotline System, for common use at JACCS and Group companies. The Company has also built a system to ensure that parties who make whistleblower reports are not subject to prejudiced treatment as a result of making a report.

Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)

In accordance with its "Basic Regulations on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)," the JACCS Group has built a system to prevent it from being exploited for money laundering or terrorism funding. The Group has also built a system for sharing information within the Group necessary for ensuring the effectiveness of its overall Group risk assessment and AML/CFT measures. This includes reporting risk assessments and the implementation status of risk reduction measures at each Group company, and procedures related to serious AML/CFT matters. In addition, at each Group company, JACCS continuously implements employee training programs related to AML/CFT.

For further information related to AML/CFT, please refer to "AML/CFT Global Policy" on the JACCS website.

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



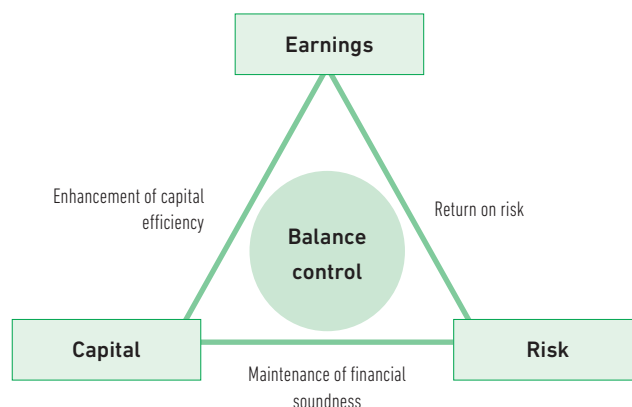
Integrated Risk Management (ERM)

In working to realize sustainable growth and enhance medium- to long-term corporate value, the JACCS Group recognizes risk management as the highest priority management task, and is working to increase the sophistication of overall Group risk management.

The JACCS Group comprehensively identifies all major risks confronting the Group, and carries out both quantitative and qualitative assessment of these risks, enabling evaluation of the level of impact and frequency of occurrence. The Group has built a structure to systematically and continuously manage appropriate risk taking within the parameters set for risk tolerance, while working to avoid or reduce losses by taking preemptive measures. Specifically, the Group overhauled risk categories in accordance with changes in the operating environment, formulated various regulations related to risk management, and established the Risk Management Committee, which reports

directly to the Management Committee—an advisory body to the COO. Through these measures, the Group worked to build a systematic structure that supports appropriate decision-making.

For the appropriate functioning of the ERM system, the JACCS Group quantifies capital, risk and earnings, and controls the balance between these three factors. In doing so, the Group works to maintain financial soundness and enhance return on risk (ROR) as well as capital efficiency.



As its main risk categories, the Group targets the measurement of credit risk, operational risk, interest rate risk, and overseas interest rate risk and foreign exchange risk. Through risk quantification, the Group verifies financial soundness—which is difficult to fully express through the equity ratio calculated from the balance sheet. It also verifies ROR for each business—an assumption underpinning appropriate risk taking. The Company believes that measured risk amount falls within the limit of shareholders' equity, and that the Group maintains adequate financial soundness within the execution of its current business strategy.

In the future, while comprehensively taking into consideration risk preparedness (risk buffer), maximum risk tolerance amount (risk capacity) and appropriate risk taking (risk appetite), the Group will utilize these parameters when making strategic decisions, including those related to new investments and shareholder return. The Company is also promoting enhancement of the level of sophistication of risk management and the unification of risk management, centering on the Risk Supervisory Department, which specializes in risk management.

Officers

Board of Directors

(As of June 29, 2023)



Toru Yamazaki

Chairman, CEO and Representative Director



Ryo Murakami

President, COO and Representative Director



Takashi Saitou

Director, CFO and Senior Managing Executive Officer
Supervisor of Credit Management



Kenichi Oshima

Director and Managing Executive Officer
Supervisor of Credit Screening and Operation and
General Affairs and Personnel



Toshio Sotoguchi

Director and Managing Executive Officer
Supervisor of International Business



Osamu Ohta

Director and Senior Executive Officer
Supervisor of Information Systems



Ichiro Kobayashi

Director and Senior Executive Officer
Supervisor of Risk Supervisory and Compliance



Akihito Suehiro

Director and Senior Executive Officer
Supervisor of Corporate Planning



Masahito Suzuki

Outside Director*



Kyoko Okada

Outside Director*



Hiroji Sanpei

Outside Director*



Yuko Shitamori

Outside Director*

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



Audit & Supervisory Board Members

(As of June 29, 2023)

Terukazu Shimokawa

Audit & Supervisory Board Member
(Full-time)

Yasuyuki Okumoto

Audit & Supervisory Board Member
(Full-time)

Shinji Murakami

Outside Audit & Supervisory Board
Member**

Yusuke Komachiya

Outside Audit & Supervisory Board
Member**

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

Executive Officers

(As of July 1, 2023)

Managing Executive Officers

Toshiya Kaname

PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE
INDONESIA
President Commissioner

Shingo Yuzue

Shutoken Area

Hiroki Yoshida

Business Strategy

Senior Executive Officers

Toshikazu Kondo

Credit Business

Noboru Taniguchi

JACCS International Vietnam Finance Co., Ltd.
Representative Director

Hirofumi Kato

Credit Screening and Operation

Kazuhiko Segawa

General Affairs and Personnel

Muneo Tobinaga

Accounting and Finance

Tatsuya Kosuge

Compliance

Satoru Yamashita

Financing Business

Takeshi Yoshikawa

Chubu Area

Kazuaki Yamazaki

JACCS FINANCE PHILIPPINES CORPORATION
Representative Director

Yasuhiko Uchiyama

Kita-Kanto Area

Shingo Asakawa

Credit Card and Payments Business

Kenji Naiki

Credit Management

Tatsuo Nakazawa

Accounting

Executive Officers

Yosuke Sato

Kinki Area

Yoshito Shima

Shopping Credit Promotion, Business Strategy

Takashi Kuwamoto

Kyushu Area

Toru Matsumura

Credit Card Promotion, Business Strategy

Seishi Tawaratumida

Guarantee Business, Business Strategy

Takeo Horikoshi

Auto Loans, Business Strategy

Takeo Ueda

Payments Promotion, Business Strategy

Haruo Tamaki

Housing Loan Guarantee Promotion, Business
Strategy
Branch Manager, Tokyo Housing Loan Branch

Hitoshi Yamada

Corporate Planning

Takashi Masumizu

Corporate Communications

Yoshitomo Suzuki

Credit Screening and Operation

Noriyuki Miyao

Risk Supervisory

Tatsumi Miura

Hokkaido Area

Tomoya Nishibe

Tohoku Area

Toshinori Hayashi

Chugoku-Shikoku Area

Tatsuya Higuchi

Compliance

Shigeru Oeda

International Business

Financial Data

FY	(Millions of Yen)	2013	2014	2015	2016
Summary of operations for the year:					
Total volume of new contracts		¥2,784,532	¥3,061,297	¥3,404,510	¥3,768,118
Domestic: Credit		—	—	—	—
Credit Card and Payments		—	—	—	—
Financing		—	—	—	—
Other		—	—	—	—
Domestic total		—	—	—	—
Overseas: Credit		—	—	—	—
Credit Card and Payments		—	—	—	—
Other		—	—	—	—
Overseas total		—	—	—	—
Volume of new contracts: Credit card (Note 1)		899,957	1,026,247	1,127,244	1,196,177
Volume of new contracts: Installment sales finance (Note 1)		293,029	307,767	446,153	640,321
Volume of new contracts: Credit guarantee (Note 1)		687,669	725,019	751,580	780,378
Volume of new contracts: Financing (Note 1)		79,010	79,235	77,348	72,667
Volume of new contracts: Other operations (Note 1)		824,866	923,027	1,002,182	1,078,573
Total operating revenue		104,134	108,259	113,673	119,654
Operating income		12,236	11,975	12,242	11,798
Ordinary income		12,238	11,951	12,091	11,815
Net income attributable to owners of the parent		6,504	7,107	7,569	8,724
Net cash provided by (used in) operating activities		(89,429)	(86,683)	(144,453)	(152,722)
Net cash provided by (used in) investing activities		(8,355)	(13,942)	(8,859)	(6,143)
Net cash provided by (used in) financing activities		72,821	115,197	151,897	124,318
At year-end:					
Total assets (Note 2)		¥2,896,405	¥3,158,044	¥3,437,641	¥3,710,582
Total net assets		122,712	132,846	133,282	140,287
Shareholders' equity		122,637	132,708	133,110	140,071
Interest-bearing debt		813,612	931,260	1,085,286	1,211,953
Balance of deferred installment income		93,002	97,765	104,253	111,767
Allowance for doubtful accounts		15,570	13,201	12,609	18,158
Per share data:					
Net income—basic (Notes 3 and 4)	¥	188.55	207.10	220.10	252.95
Net assets (Notes 3 and 4)		3,576.90	3,863.35	3,864.05	4,055.91
Cash dividends (Notes 3 and 4)		70	70	70	75
Key ratios (%):					
ROA (Note 2)		0.4%	0.4%	0.4%	0.3%
ROE		5.4	5.6	5.7	6.4
Equity ratio (Note 2)		4.2	4.2	3.9	3.8
Supplementary data (As of March 31):					
Number of JACCS cardholders (Thousands) (Non-consolidated)		6,828	6,726	6,823	6,958
Number of shares outstanding at year-end (Note 3)		175,395,808	175,395,808	175,395,808	175,395,808
Number of employees		3,355	3,434	3,710	4,015

Notes: 1. From fiscal 2021, the Company changed its business segment classifications. Accompanying this change, the figures presented for fiscal 2020 have been retroactively revised to reflect the new classifications. However, figures presented for fiscal 2019 and prior years follow the previous classifications.

2. Previously, finance receivable-installment sales-credit guarantee and finance payable-credit guarantee were presented as corresponding asset and liability items in the consolidated balance sheets. However, from fiscal 2019 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 fiscal 2018 in the table above are subsequent to retroactive application of this change.

Previously, the Company presented guarantee obligations on loans and other debt held by financial institutions as well as the balance of guarantees related to receivable collection services as accounts receivable-installment sales-credit guarantee and accounts payable-credit guarantee on the consolidated balance sheets. However, the Company made a change in accounting treatment from fiscal 2022 and these figures 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 fiscal 2021 in the table above are those after retroactive application of this change.

3. 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.

4. Figures prior to fiscal 2017 have been retroactively adjusted to reflect the effects of the stock split stated in Note 3.

2017	2018	2019	2020	2021	2022
¥4,158,700	¥4,559,202	¥4,981,508	¥4,973,421	¥5,273,264	¥5,641,393
—	—	—	1,302,584	1,403,443	1,644,150
—	—	—	2,610,412	2,690,304	2,799,212
—	—	—	650,906	728,072	639,935
—	—	—	365,704	399,293	472,501
—	—	—	4,929,607	5,221,113	5,555,800
—	—	—	35,505	44,216	73,985
—	—	—	843	655	943
—	—	—	7,465	7,279	10,664
—	—	—	43,814	52,151	85,592
1,247,046	1,306,927	1,358,230	1,271,609	—	—
782,994	1,041,888	1,259,068	1,341,756	—	—
856,716	837,565	942,765	1,001,656	—	—
74,386	86,465	85,292	54,870	—	—
1,197,557	1,286,354	1,336,149	1,303,528	—	—
134,051	145,836	158,610	160,650	164,070	173,506
12,679	14,370	16,506	16,326	26,743	31,678
12,733	14,448	16,700	16,506	26,786	31,769
7,859	8,955	10,732	11,778	18,316	21,651
(167,815)	(309,890)	(308,473)	(141,114)	(152,023)	(214,000)
(10,464)	(8,644)	(11,871)	(8,816)	(7,311)	(8,161)
210,159	329,161	326,484	164,868	186,121	246,060
¥4,193,058	¥3,749,167	¥4,231,590	¥4,484,954	¥3,215,006	¥3,575,732
153,123	156,738	162,889	174,152	192,217	210,605
146,894	150,835	156,804	169,900	186,615	204,040
1,458,517	1,787,800	2,130,545	2,295,676	2,491,829	2,751,237
134,296	162,097	182,760	194,175	204,448	229,876
24,597	22,102	26,572	30,745	30,487	30,149
¥ 227.32	¥ 260.13	¥ 311.65	¥ 340.69	¥ 528.97	¥ 624.60
4,242.44	4,388.98	4,543.94	4,910.76	5,386.05	5,883.59
80	80	95	105	160	190
0.3%	0.4%	0.4%	0.4%	0.6%	0.9%
5.5	6.0	7.0	7.2	10.3	11.1
3.5	4.0	3.7	3.8	5.8	5.7
7,022	7,161	7,135	6,840	6,543	6,464
35,079,161	35,079,161	35,079,161	35,079,161	35,079,161	35,079,161
5,492	5,721	6,188	6,285	6,145	6,065

Non-Financial Data*¹

FY		2018	2019	2020	2021	2022
E Environment	CO ₂ emissions: Scope 1 (tCO ₂)* ²	—	1,731	1,621	1,809	1,809
	CO ₂ emissions: Scope 2 (tCO ₂)* ²	—	6,012	5,834	5,405	5,062
	CO ₂ emissions: Scope 3 (tCO ₂)* ²	—	591,607	490,511	389,847	419,069
	CO ₂ emissions: Total (tCO ₂)* ²	—	599,350	497,966	397,060	425,940
	Energy consumption (kl)* ³	1,949	1,930	1,899	1,729	1,610
S Social	Number of employees	2,707	2,692	2,770	2,747	2,694
	Number of employees* ²	5,721	6,188	6,285	6,145	6,065
	Ratio of female employees among all section manager or higher positions (%)** ⁴	3.7	4.4	8.0	9.8	13.3
	Number of female employees among employees who hold the position of section manager or higher, or employees who have subordinates and hold a position one rank lower than section manager	—	150	159	211	229
	Ratio of female employees among employees who hold the position of section manager or higher, or employees who have subordinates and hold a position one rank lower than section manager (%)	—	21.5	22.8	29.6	32.5
	Number of new graduates hired	84	111	109	86	52
	Number of male graduates hired	39	48	54	32	26
	Number of female graduates hired	45	63	55	54	26
	Ratio of female graduates hired (%)	53.6	56.8	50.5	62.8	50.0
	Work engagement (Points)	—	—	12.1	12.1	12.1
	Presenteeism (Points)	—	—	49.0	49.8	49.7
	Absenteeism (Days)	—	—	2.3	2.4	2.5
	Implementation ratio for at least three days per month with no overtime worked and at least one "Premium Weekday"* per month (%)	98.9	98.8	98.4	99.1	98.6
	Average ratio of allocated annual leave days taken by employees (%)	73.1	67.4	65.9	74.9	79.3
	Employees' average monthly overtime hours	—	15.6	13.1	12.9	11.7
	Implementation ratio for periodic health check-ups (%)	—	99.8	100	100	100
	Implementation ratio for secondary health tests (%)	—	99.8	100	99.5	98.2
	Completion ratio for specific health guidance (%)	—	—	82.3	86.8	98.1
	Stress check implementation ratio (%)	—	98.1	99.8	99.8	100
	Stress check: Overall health risk (Points)	—	96	102	100	99
	Ratio of male employees taking childcare leave among those eligible (%)	—	—	—	84.4	84.6
	Ratio of female employees taking childcare leave among those eligible (%)	—	—	—	100	100
	Differential in pay of male and female employees: All employees (%)	—	—	—	55.0	56.9
	Differential in pay of male and female employees: Regular full-time employees (%)	—	—	—	54.0	54.6
	Differential in pay of male and female employees: Part-time and fixed-term contract employees (%)	—	—	—	68.6	70.6
	Number of business locations implementing organizational development	—	—	—	—	4
G Governance	Total number of directors	12	11	12	12	12
	Of which, number of outside directors	3	3	4	4	4
	Ratio of outside directors (%)	25.0	27.3	33.3	33.3	33.3
	Of which, number of female directors	1	1	2	2	2
	Ratio of female directors (%)	8.3	9.1	16.7	16.7	16.7

*1 Non-consolidated basis *2 Consolidated basis *3 JACCS Co., Ltd. and its domestic subsidiaries basis *4 The ratio of female managers with a rank of section manager or higher, as of April 1 following the end of each fiscal year

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

Corporate Directory

(As of August 31, 2023)

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, 2023)

2,694 (Parent)

6,065 (Consolidated)

Domestic Affiliated Companies:

Consolidated Subsidiaries

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

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

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

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

Overseas Affiliated Companies:

Consolidated Subsidiaries

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

PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE
INDONESIA
(Equity stake: 60%)

JACCS FINANCE PHILIPPINES CORPORATION
(Equity stake: 65%)

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

JACCS Services Network:

Office Network

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

Housing Loan Centers

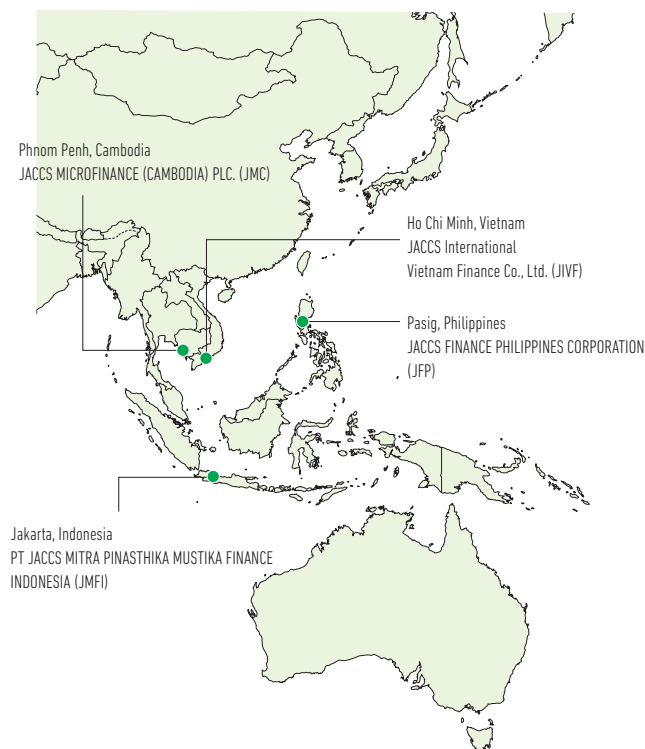
(Tokyo, Osaka, Fukuoka)

Guarantee Branches

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



Head office: Ebisu Neonato



Investor Information

(As of March 31, 2023)

Number Of Shareholders:

33,293

Shares Outstanding:

35,079,161

Share Unit:

100 shares

Stock Listing:

Tokyo Stock Exchange (Prime Market)

Securities Identification Code:

8584

Transfer Agent:

Mitsubishi UFJ Trust and Banking Corporation

4-5, Marunouchi 1-chome, Chiyoda-ku,

Tokyo 100-8212, Japan

Principal Shareholders:

Name of Shareholders	Number of Shares Held (Thousands)	Percentage of Ownership*
MUFG Bank, Ltd.	7,015	20.23
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,806	8.09
Custody Bank of Japan, Ltd. (Trust Account)	2,508	7.23
Shareholding Association of JACCS	1,666	4.80
The Dai-ichi Mutual Life Insurance Company, Limited	1,359	3.92
Meiji Yasuda Life Insurance Company	1,275	3.67
JACCS Co., Ltd. Employee Stock Ownership Association	995	2.87
RE FUND 107-CLIENT AC	600	1.73
Nippon Life Insurance Company	588	1.69
Mitsubishi UFJ Trust and Banking Corporation	564	1.62

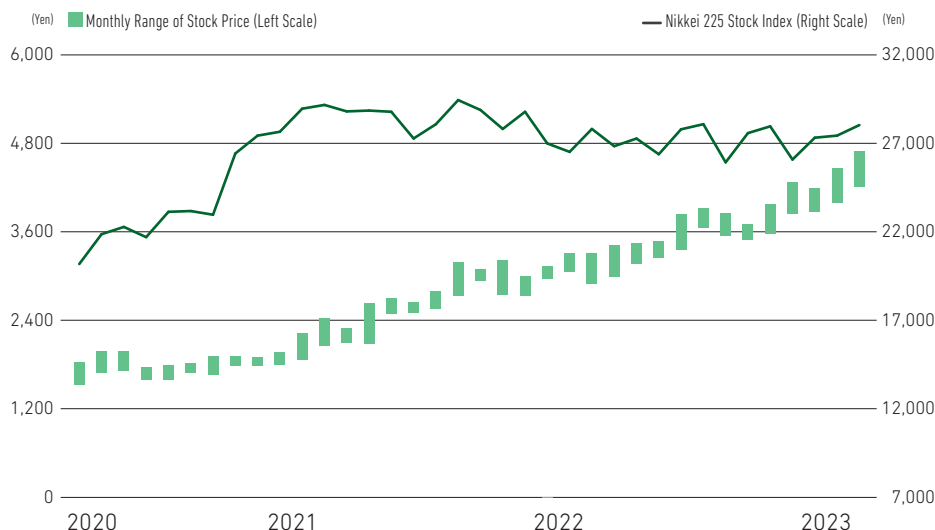
* The percentage of ownership is calculated excluding the number of treasury stock (399 thousand shares).

Common Stock Price Range:

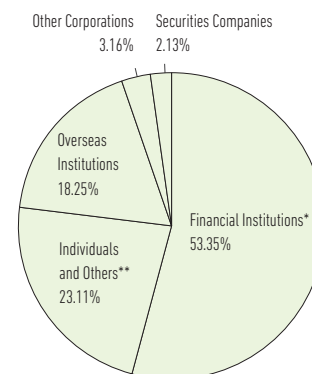
(FY)

	2020		2021		2022	
	High	Low	High	Low	High	Low
First quarter	¥1,984	¥1,527	¥2,692	¥2,085	¥3,465	¥2,987
Second quarter	1,818	1,598	3,180	2,507	3,915	3,360
Third quarter	1,915	1,657	3,215	2,741	4,270	3,490
Fourth quarter	2,425	1,796	3,315	2,903	4,690	3,875

(Tokyo Stock Exchange)



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 399 thousand shares (1.13%) of treasury stock.

Cash Dividends:

(FY)

	2020	2021	2022
Yearly	¥105.00	¥160.00	¥190.00
Interim	45.00	75.00	95.00

Publication of JACCS Integrated Report 2023

Thank you for reading JACCS Integrated Report 2023.

Accompanying the transition from an annual report format to an integrated report, we have adopted a content format with reference to the International Integrated Reporting Framework. In addition, through this integrated report the JACCS Group aims to communicate its medium- to long-term value creation capacity by explaining the source of its value creation.

The structure of the report lays out the JACCS Group's growth story, and introduces the strategies required to realize this growth, as well as sustainability initiatives to support growth. In the final part of the report, we provide a range of financial and non-financial data.

With regard to content, we have added pages covering such topics as the JACCS Group's strengths, the value creation process, and key recurring-revenue models; expanded information disclosure related to sustainability; and conducted a roundtable discussion among outside directors.

When we embarked on the production of this report, we began the planning process by considering what information should be communicated. This included referring to the views of market participants, which we have gathered through our dialogue with shareholders and investors. During the production process, we worked closely with various related divisions and departments within the Group to gather the most up-to-date and relevant information, and configured page space in accordance with the report plan.

I can attest that the report's editorial process and content is appropriate and sincere. I hope that this report helps readers deepen their understanding of the JACCS Group's capacity for medium- to long-term value creation.



Takashi Masumizu

Executive Officer,
General Manager of Corporate
Communications Department,
JACCS Co., Ltd.

Editorial Policy

Reference Guidelines

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

Reporting Period

Fiscal 2022 (April 1, 2022–March 31, 2023)

A portion of the content of this report includes information about periods up to and including fiscal 2021 (April 1, 2021–March 31, 2022), and information about and activities planned for periods from fiscal 2023 (April 1, 2023–March 31, 2024), onward.

Scope of the Report

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

Forward-Looking Statements

The financial data and other business-related information in this report has been prepared to inform JACCS stakeholders about the business. Any forecasts regarding future performance contained in this report 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 this report. All business and financial data relate to the consolidated operations of the Company, unless otherwise noted.

Seed the Future.



JACCS Co., Ltd.

Ebisu Neonato Bldg., 1-18, Ebisu 4-chome,
Shibuya-ku, Tokyo 150-8932, Japan

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