Seed the Future.

JACCS

Annual Report

For the Fiscal Year Ended March 31, 2019

2019

A member of MUFG

PROFILE

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

JACCS started out as a provider of monthly installment credit services for use at department stores in Hakodate, Hokkaido, in 1954. Since then, based on a founding philosophy that values trust and reliability, JACCS has continued to expand its business nationwide in Japan, and has entered several growth markets in the Association of Southeast Asian Nations (ASEAN) region. With a total volume of new contracts exceeding ¥4,500 billion, JACCS is one of the leading names in Japan's consumer credit sector.

JACCS' main businesses comprise the credit business, the credit card and payments business, the financing business, and the overseas business. In its credit card business, JACCS' issuing operations include credit cards issued under the Visa, Mastercard®, and JCB brands, with a membership base of approximately 7.16 million cardholders, centering on co-branded credit cards with alliance partners. In its acquiring operations, in addition to acquiring member stores as credit card-accepting merchants for Visa and Mastercard, JACCS also acquires member stores for Alipay and WeChat Pay, two of China's leading electronic payment service providers.

JACCS' overseas business comprises operations in four ASEAN member countries, and is centered on providing motorcycle and automobile sales finance services. JACCS launched overseas operations in 2010 with its entry into the Vietnam market. Since then, it has continued to expand its business interests in the rapidly growing economies of the ASEAN region, through entries into Indonesia in 2012, the Philippines in 2016 and Cambodia in 2018.

In Japan, JACCS Group companies are striving to expand the Group's earnings base while leveraging Group synergies by developing such operations as deferred-payment settlement services, extended warranty services, and leasing operations.

By steadily implementing its three-year medium-term business plan, "RAISE 2020," which runs through March 2021, the JACCS Group aims to realize further growth.

EDITORIAL POLICY

JACCS Annual Report 2019 aims to clearly explain to shareholders, investors, and other stakeholders the initiatives that the JACCS Group is taking to realize sustainable growth, as well as the drivers of the Group's value creation. Hence, in addition to financial information, the report contains an expanded level of non-financial information, including management strategy, a special feature, status of the Group's businesses, and environmental, social, and corporate governance (ESG) information.

FORWARD-LOOKING STATEMENTS

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

Long-Term Vision

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

Management Principle

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

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.

CONTENTS

JACCS GROUP AT A GLANCE

Environment / Social Issues

Decreasing birth rate and aging population

Slackening consumption growth

Changes in consumption behavior

Expansion of e-commerce market

Progress of cashless society

Continuation of low interest rate environment

ASEAN countries that are expected to achieve strong economic growth

Environmental issues

Improvement of productivity

Sustainable growth

Improvement of capital efficiency

JACCS Group

JACCS Group

JACCS Co., Ltd.
JACCS Total Service Co., Ltd.
JACCS Lease Co., Ltd.
JACCS Loan-Collection Service Co., Ltd.
JACCS Payment Solutions Co., Ltd.
JACCS International Vietnam Finance Co., Ltd.
PT Mitra Pinasthika Mustika Finance
JACCS FINANCE (CAMBODIA) PLC.
JACCS FINANCE PHILIPPINES CORPORATION*

Main Businesses

Credit Business
- Shopping credits
- Auto loans
- Lease guarantees

Credit Card Business
- Card shopping
- Cash advances
- Prepaid cards
- Acquiring operations

Payments Business
- Bill collection services
- Rent guarantee services

Financing Business
- Housing loan guarantees
- Personal loan guarantees for financial institutions

Overseas Business
- Motorcycle and automobile sales finance
- Unsecured loans
- Credit cards

Group Companies' Business
- Insurance / Warranties
- Leasing
- Deferred-payment settlement services
- Contracted bill collection / Factoring

Three-Year Medium-Term Business Plan, "RAISE 2020" (2019–2021)

Vision

An innovative consumer finance company that wins the loyalty of customers, with operations focused on Japan and Southeast Asia.

Core Policies

1: Pursue sustainable growth in domestic businesses

2: Accelerate growth in overseas business

3: Enhance productivity while strengthening the Group's platform for growth

ESG Initiatives

- Corporate Governance
- CSR Activities
  - Customer-Related Activities
  - Protecting the Environment
  - Social Contribution Activities
  - Programs for Employees
  - Investor Relations (IR) Activities

The JACCS Group's Strengths

Innovativeness

Group Synergies

Operating Network in the ASEAN Region

Nationwide Sales Office Network and Member Store and Alliance Network

Steady, Sound Management

Human Resources

MUFG **MUFG Bank, Ltd.**

* Former MMPC Auto Financial Services Corporation was converted into a consolidated subsidiary and changed its name on July 3, 2019.


Customers


Member stores / Alliances


ASEAN countries


Shareholders / Investors


Local communities


Environment


Employees

Expansion of financial services

A convenient and comfortable environment for consumers

Safe and secure payment infrastructure

Sales promotion

Improvement of operational efficiency

Enhancement of corporate governance

Stable, continuous dividends

Contributing to society through the Group's business operations

Reduction of CO_2 emissions

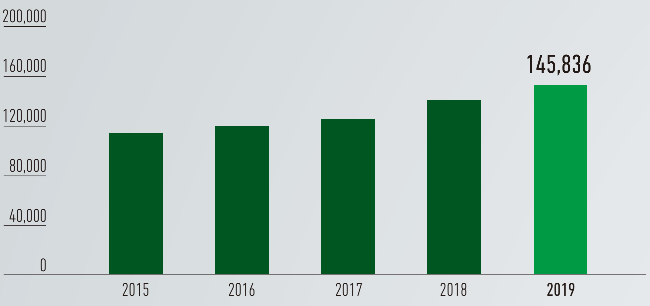
Promotion of diversity

Realizing a balance between career and home life

FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

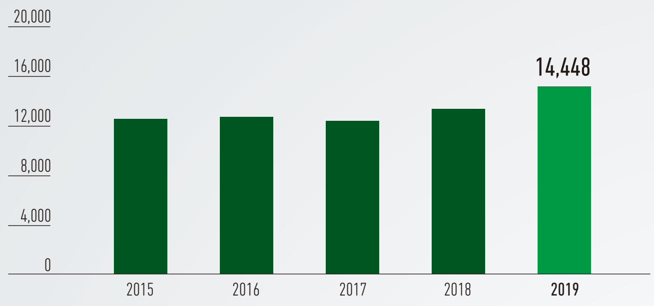
Total Operating Revenue

(Millions of Yen)



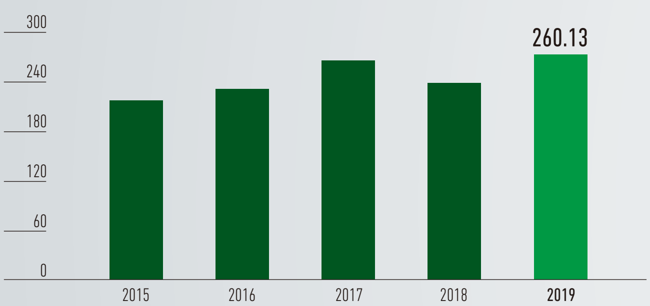
Ordinary Income

(Millions of Yen)



Net Income per Share—Basic*

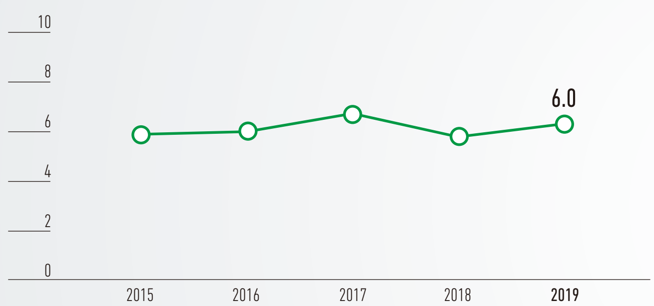
(Yen)



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

ROE

(%)



BUSINESS HIGHLIGHTS

2018

April

Completed production of JACCS' 2018 television commercial featuring professional tennis player Kei Nishikori, with whom JACCS has maintained a sponsorship contract with since 2013.

July

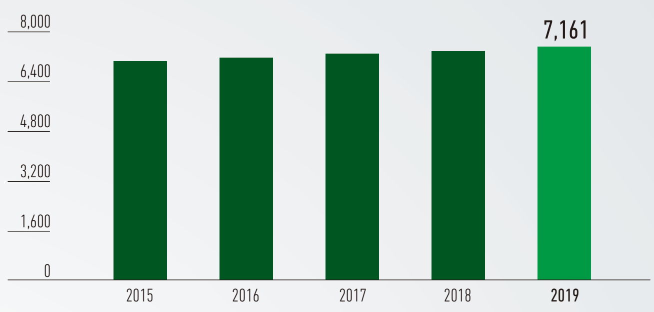
Established an alliance with Kygnus Sekiyu K.K., and began issuing the KYGNUS JACCS CARD—a credit card that offers cardholders a special discount on gasoline purchases.

October

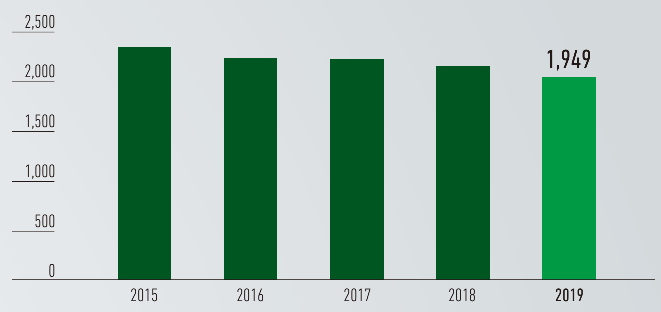
Established an alliance with North Pacific Bank, Ltd., and commenced guarantee operations for consumer auto loans. This loan product uses a fully online, non-face-to-face system for receiving applications, meaning customers do not need to visit a branch of the bank.

Began accepting Google Pay™.

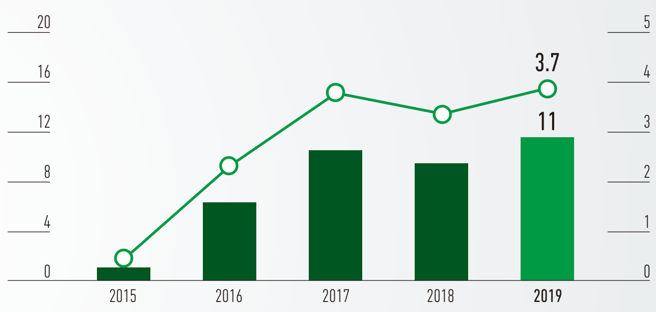
Number of JACCS Cardholders



Energy Consumption



Number* and Ratio of Female Managers

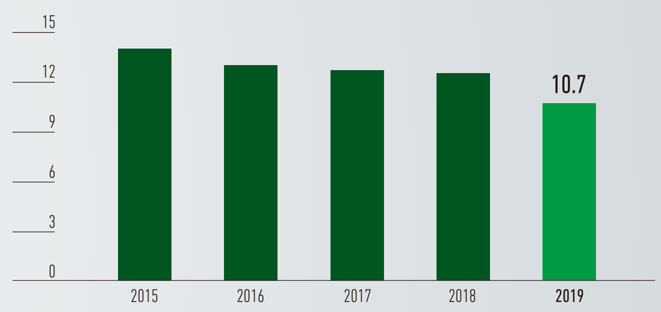


Number of female managers (Total of regular and full-time employees)

Ratio of female managers

* Manager or higher position

Employees' Average Monthly Overtime Hours (Total of Regular and Full-Time Employees)



2019

February

Accredited by the Oita prefectural government as a partner to assist in the conversion of operations to cashless. Oita Prefecture made this accreditation after making a public call for partner proposals.

In the 3rd "Awards for Enterprises and Workplaces with Pleasant Working Environments and High Productivity"—organized by the Ministry of Health, Labour and Welfare (MHLW)—JACCS received a "Brightly Shining Initiatives Award" in the Large Enterprises category (please refer to page 22 for further details).

March

JACCS' customer center began providing an interpreting service for sign language and written communication (please refer to page 20 for further details).

JACCS made the decision to acquire additional shares of MMPC Auto Financial Services Corporation (MAFS), JACCS' equity-method affiliate in the Philippines, and convert MAFS to a consolidated subsidiary.

As part of JACCS' strategy to strengthen its financing business, the Company announced its decision to acquire the credit guarantee business of JCB Co., Ltd.

JACCS made the decision to issue green bonds. The funds raised will be used for loans relating to solar power generation facilities (please refer to page 20 for further details).

GreenBond Platform

TEN-YEAR FINANCIAL SUMMARY

Total Operating Revenue (Bar graph)

Ordinary Income (Line graph)

Economic and Business Sector Environment

2009–2011

- Rapid decline in consumption following the onset of the global financial crisis
- Deterioration in employment and incomes
- Tightening of regulations under related laws
- June 2010: Full implementation of the Money Lender Business Law
- December 2010: Full implementation of the Installment Sales Law
- March 2011: Great East Japan Earthquake

2012

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

Years ended March 31 (Millions of yen)	2010	2011	2012	2013	2014
Summary of operations for the year:					
Total volume of new contracts	¥2,316,012	¥2,328,294	¥2,387,501	¥2,480,470	¥2,784,532
Volume of new contracts: Credit card	704,064	738,947	749,720	786,669	899,957
Volume of new contracts: Installment sales finance	241,957	227,300	230,352	211,539	293,029
Volume of new contracts: Credit guarantee	515,934	551,465	603,873	636,770	687,669
Volume of new contracts: Financing	178,181	118,673	86,418	83,022	79,010
Volume of new contracts: Other operations	675,874	691,907	717,136	762,469	824,866
Total operating revenue	127,101	116,241	107,384	102,950	104,134
Operating income	8,845	3,137	10,972	9,413	12,236
Ordinary income	10,433	5,479	13,271	11,750	12,238
Net income attributable to owners of the parent	3,569	4,398	6,822	7,642	6,504
Net cash provided by (used in) operating activities	122,877	104,111	36,236	15,157	(89,429)
Net cash provided by (used in) investing activities	1,708	(4,533)	(4,181)	(8,934)	(8,355)
Net cash provided by (used in) financing activities	(116,864)	(33,883)	(61,147)	(47,933)	72,821
At year-end:					
Total assets	¥2,827,806	¥2,786,288	¥2,725,816	¥2,718,518	¥2,896,405
Total net assets	103,273	105,261	111,348	117,486	122,712
Balance of deferred installment income (Non-consolidated)	71,921	75,242	80,433	84,746	93,620
Aggregate balance of operating receivables (Non-consolidated)	2,532,247	2,505,913	2,498,655	2,527,956	2,734,252
Balance of receivables in arrears (Non-consolidated) (Note 3)	472	360	254	221	229
Allowance for doubtful accounts (Non-consolidated)	36,930	29,158	19,733	16,474	14,036
Per share data:					
Net income—basic (Notes 1, 2)	¥ 101.95	¥ 125.60	¥ 194.85	¥ 218.60	¥ 188.55
Net assets (Notes 1, 2)	2,948.70	3,005.65	3,180.85	3,391.90	3,576.90
Cash dividends (Notes 1, 2)	25	25	50	55	70
Key ratios (%):					
ROA	0.4%	0.2%	0.5%	0.4%	0.4%
ROE	3.6	4.2	6.3	6.7	5.4
Equity ratio	3.7	3.8	4.1	4.3	4.2
Supplementary data:					
Number of JACCS cardholders (Thousands) (As of March 31)	9,920	9,601	8,419	7,281	6,828
Number of shares outstanding at year-end	175,395,808	175,395,808	175,395,808	175,395,808	175,395,808
Number of employees	2,714	2,839	2,977	3,096	3,355

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

2. Figures prior to October 2017 have been retrospectively adjusted to reflect the effects of the stock split stated in note 1.

3. Hundreds of millions of yen

2009–2011

10th Medium-Term Business Plan “VIC10”

- Organizational and business reforms in response to revisions to laws governing the consumer credit sector
- Reform of cost structures / Enhancement of business profitability
- Maximization of synergies with the MUFG Group
- Establishment of fourth core business, launch of business operations in Vietnam

2012

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

2013–2015

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

2016–2018

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

Targets for the Fiscal Year Ending March 31, 2021

169,500
(Millions of yen)

16,100
(Millions of yen)

2015	2016	2017	2018	**2019**
¥3,061,297	¥3,404,510	¥3,768,118	¥4,158,700	**¥4,559,202**
1,026,247	1,127,244	1,196,177	1,247,046	**1,306,927**
307,767	446,153	640,321	782,994	**1,041,888**
725,019	751,580	780,378	856,716	**837,565**
79,235	77,348	72,667	74,386	**86,465**
923,027	1,002,182	1,078,573	1,197,557	**1,286,354**
108,259	113,673	119,654	134,051	**145,836**
11,975	12,242	11,798	12,679	**14,370**
11,951	12,091	11,815	12,733	**14,448**
7,107	7,569	8,724	7,859	**8,955**
(86,683)	(144,453)	(152,722)	(167,815)	**(309,890)**
(13,942)	(8,859)	(6,143)	(10,464)	**(8,644)**
115,197	151,897	124,318	210,159	**329,161**
¥3,158,044	¥3,437,641	¥3,710,582	¥4,193,058	**¥4,813,284**
132,846	133,282	140,287	153,123	**156,738**
99,370	107,003	115,514	127,792	**151,605**
2,950,828	3,233,058	3,551,367	3,937,590	**4,512,213**
233	260	293	349	**373**
11,683	11,080	14,482	17,378	**19,304**
¥ 207.10	¥ 220.10	¥ 252.95	¥ 227.32	**¥ 260.13**
3,863.35	3,864.05	4,055.91	4,242.44	**4,388.98**
70	70	75	80	**80**
0.4%	0.4%	0.3%	0.3%	**0.3%**
5.6	5.7	6.4	5.5	**6.0**
4.2	3.9	3.8	3.5	**3.1**
6,726	6,823	6,958	7,022	**7,161**
175,395,808	175,395,808	175,395,808	35,079,161	**35,079,161**[*1]
3,434	3,710	4,015	5,492	**5,721**

2013–2015
11th Medium-Term Business Plan "ACT11"

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

2016–2018
12th Medium-Term Business Plan "ACT-Σ"

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

2019–2021
13th Medium-Term Business Plan "RAISE 2020"

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

See pages 10–11 for details.

TO OUR STAKEHOLDERS

We aim to further raise our presence in the domestic market, strengthen the profit contributions of our domestic Group companies and overseas business, and enhance productivity as we work to reach the targets set for the second year of RAISE 2020.

Operating Performance in the Fiscal Year Ended March 31, 2019

In the fiscal year ended March 31, 2019, JACCS recorded increases in both revenue and income for the second consecutive term. Although the Company fell short of its consolidated total operating revenue target by ¥2.0 billion—mainly owing to such factors as delays in business progress at certain affiliate companies and the impact of foreign exchange rates on overseas operations—results were largely driven by the parent company, where the domestic credit business and financing business performed strongly. Consequently, as a whole, the Group achieved steady growth in operating revenue. As a result, consolidated total operating revenue increased 8.8% compared with the previous fiscal year, to ¥145,836 million, and recorded revenue rose for the sixth consecutive term.

Consolidated ordinary income grew 13.5%, to ¥14,448 million, exceeding the Company's target. This was partially attributable to the success of cost control efforts at the parent company.

As a result, net income attributable to owners of the parent was up 13.9%, to reach a new record high of ¥8,955 million.

Progress on the Three-Year Medium-Term Business Plan, RAISE 2020

RAISE 2020 adopts three core policies—pursue sustainable growth in domestic businesses; accelerate growth in overseas business; and enhance productivity while strengthening the Group's platform for growth. With regard to progress made on the plan during the fiscal year ended March 31, 2019—its initial year—centered on the credit business and financing business, existing domestic businesses maintained their strong level of growth. Factors driving this robust performance included both the operating environment and the fruits of efforts undertaken by the JACCS Group. Among factors attributable to the operating environment, the credit business' market grew 8.2% in 2018*. This rate of market expansion should not be seen as low by any means. Against this backdrop, the JACCS Group achieved growth of 13.3%, outpacing the market growth rate. It is clear that this substantial rate of growth was driven by the increasing number of customers using the Group's credit products along with an expanding base of member stores utilizing our services. Another external factor underpinning such growth is the low interest rate environment prevailing in recent years. Added to this, the menu of payment methods that are attractive to both customers and member stores is increasing. For customers, services have become more user-friendly, while at member stores there is an observable trend of promoting the smart use of credit products as a means of building customer relationships and lifting sales. Within this environment, JACCS has, for example, expanded the functionality of its Web-based products, thereby enhancing convenience for customers and member stores. We also offer a diverse array of repayment plans, and I believe that the provision of these user-friendly functions and services in the proper manner is a key factor underpinning our strong growth performance.

Progress in our domestic businesses also included the development of acquiring operations as part of the payments business. We have expanded our business domain, with specific examples including the JACCS Group's accreditation by the Oita prefectural government as a partner for promoting the shift to cashless operations, and an alliance established with the Hakodate Chamber of Commerce and Industry to promote cashless initiatives. The number of credit card member stores is also steadily increasing.

In Japan, accompanying healthy growth in the balance of operating receivables, the amount of receivables in arrears is also increasing. Simultaneously, this is a contributing factor in the increase in expenses related to doubtful accounts. However, in addition to such operating environment factors as increases in personal bankruptcies and debt workouts, the rise in expenses related to doubtful accounts is also a result of the Group's efforts to strengthen its preparedness structure and a program of write-offs of doubtful accounts relating to receivables in arrears. Consequently, our portfolio of receivables remains in a very sound condition.

The JACCS Group has accelerated efforts to enhance customer convenience and bolster operational efficiency. This includes such initiatives as ongoing enhancement of Web-based functionality, the introduction of artificial intelligence (AI) technology at our customer center, and the utilization of robotic process automation (RPA) at our leasing subsidiary. Simultaneously, as a result of cost structure reforms, the selling, general and administrative (SG&A) expenses ratio continues to steadily decrease on a non-consolidated basis. We also made sound progress in improving productivity and strengthening the Group's platform for growth.

Meanwhile, coming in under target for consolidated total operating revenue in the first year of the plan's implementation highlighted areas in which the Group must strive to meet various challenges. These include such factors as a delay in progress in the domestic deferred-payment settlement service and a fall in the income contribution amount from overseas business. In response to these issues, each Group company and the parent company is working to reinforce cooperation, and the parent company is building a strengthened support structure for Group companies. Based on these measures, the Group is implementing unified efforts aimed at a recovery in progress and facilitating future growth.

* Source: "Annual Statistics: Shopping Credit," Japan Consumer Credit Association

Market Trends

Overall, in domestic businesses, although Japan's economy remains on a gradual recovery trend in the near term, the Group faces such structural issues as the country's low birth rate, aging population, and decline in total population, and hence we do not envisage significant long-term growth. In October 2019, the consumption tax rate is set to increase in Japan. Compared with the previous rise in the rate in 2014, the margin of increase is smaller, and the government is implementing various measures to mitigate the impact of the tax increase, such as offering rebates to consumers who use cashless payment. Based on these factors, some economic

commentators have taken the view that a large fall in consumption is unlikely to occur following the tax rate hike. However, the situation remains unpredictable to a certain degree.

Driven by the widespread uptake of smartphones, the scope of the e-commerce market has expanded, and we are seeing an increase in CtoC transactions and growth in the so-called "sharing economy." Hence, new styles of consumption are emerging. The operating environment faced by the Group is undergoing significant changes, including further expansion in demand driven by inbound visitors in the lead-up to the Tokyo 2020 Olympic and Paralympic Games, and further advances in the shift to a cashless society through such innovations as smartphone-based payment platforms and payment technology using QR codes.

We recognize such changes in the operating environment as growth opportunities, and believe that by being sensitive to diversifying needs and rapidly translating this into new management strategies we can in the short and medium term capture ample business growth opportunities. In contrast, matters of concern include the continuing rise in the number of personal bankruptcies, leading to increasing wariness regarding rising doubtful accounts-related costs in the credit industry as a whole. With regard to interest rate trends in Japan, although we anticipate low interest rate conditions to continue in the foreseeable future, we need to closely monitor trends that will indicate the timing of interest rate rises. In overseas business, since exchange rate fluctuations can have a significant impact on performance, analyzing trends in forex markets is vital.

Policies during the Fiscal Year Ending March 31, 2020—The Second Year of RAISE 2020

We do not intend to make any major changes in strategy. The Group is united in the continued steady pursuit of the plan's three core policies—pursue sustainable growth in domestic businesses; accelerate growth in overseas business; and enhance productivity while strengthening the Group's platform for growth. As we work toward the realization of our long-term vision of "establishing JACCS' position as a leading brand among Asian consumer finance companies," we will continue to invest in the future while achieving sound growth.

Core Policy 1: Pursue Sustainable Growth in Domestic Businesses

Japan's domestic market holds the highest importance for the JACCS Group. There is no change to our fundamental stance whereby the domestic business is the central pivot, generating profits that underpin the Group as a whole. For example, as I mentioned earlier, the market in which the credit business operates recorded growth of 8.2% in 2018. Within this environment, the Group surpassed the market growth rate. Hence, I believe there is ample potential for JACCS to pursue even greater market share. While promoting profit growth at domestic Group companies, for the foreseeable future it will remain important to generate solid profits in the credit business, credit card and payments business, and financing business.

Core Policy 2: Accelerate Growth in Overseas Business

In the fiscal year ended March 31, 2019, our greatest challenge was achieving profit growth in overseas business. Our goal is to generate steady profit expansion in this business. At present, we operate in four countries, which can be divided strategically into two categories. In Vietnam and Indonesia, we are seeking to generate profits, while in the Philippines and Cambodia our current objective is to build a sound business platform. In terms of profit, since we cannot expect the Japanese market to deliver significant growth in the long run, bolstering our ability to earn income in overseas business—centering on the ASEAN region—is essential for our future growth.

In the year since I was appointed president, having gone to observe our overseas operations firsthand, what has become abundantly clear to me is the immense potential of these markets. At the same time, I also gained an acute realization that we must be careful not to become blinded by this growth potential alone. The reason I offer this caution is that the business practices and legal systems of these countries differ substantially from that of Japan. The way government administration is carried out is also different. Within these conditions, we must learn and adapt on a daily basis. The present reality of this business is that we are solving each problem we encounter, one by one. In such a situation, it is important not to rush. If one tries to rush development too quickly, sound risk management becomes impossible. There is the possibility that profitability may remain beyond grasp despite working with determination. Hence, in our overseas business, we must exercise patience and clear one hurdle at a time with certainty. While overseas business holds high potential, market penetration will take time. This was the essence of my observations over the past year. I intend to maintain close attention to these points.

We have announced a strategy to strengthen the support structure provided to our overseas operations by the parent company. We are already working to develop a system to reinforce the support structure, including human resources, finance, and IT systems. To nurture global human resources, two years ago we launched an overseas training program that includes a posting of more than six months outside Japan, and this program will continue in the future.

Core Policy 3: Enhance Productivity while Strengthening the Group's Platform for Growth

We must constantly promote the overhaul of our cost structures, and aim for further enhancements in productivity. In the fiscal year ended March 31, 2019, we introduced the use of AI technology into our customer center, and introduced RPA at one of our Group companies. We are now assessing further opportunities to expand the use of such technologies within other parts of the Group.

The reform of working styles is an extremely important task for the Company. As a Group operating in the financial services sector, we provide intangible products to consumers. Consequently, there is no force more vital to driving Company growth than our human resources. Ultimately, everything in our business is dependent on the quality of our people. One of the key responsibilities of management is to ensure that we establish and maintain a working environment in which employees are able to engage in their work while possessing a high level of motivation. Hence, it is management's duty to foster such a corporate culture, and this type of company will be capable of attracting and retaining excellent, dynamic personnel. This will also enable us to create an organization that responds flexibly to acute changes in the operating environment—such as those we face today. As I believe it will also contribute to the enhancement of corporate value, it is essential that we promote the reform of working styles on a Groupwide basis.

ESG Initiatives

While efforts to enhance corporate value are pursued as a matter of course, this should not be our sole goal. Through our business operations, we must also confront a wide range of issues that affect greater society. The fundamental philosophy underpinning our ESG initiatives is to work toward solutions to these issues by basing our activities on the question of how we can best contribute to the realization of our management principle—"JACCS contributes to the realization of a future inspired by dreams and an affluent society." For the Company to continue generating profits and endure as a going concern, it is necessary to obtain recognition for the raison d'être of JACCS as a company within society. I believe CSR and ESG initiatives are also important for this reason.

With regard to human resources, in addition to the reform of working styles I mentioned earlier, JACCS is also proactively engaged in health and productivity management. The results of these efforts include JACCS' certification by the Ministry of Economy, Trade and Industry (METI) under the Certified Health and Productivity Management Organization Recognition Program ("White 500") for two years running, and an award conferred by the MHLW, which cited JACCS as an enterprise with pleasant working environments and high productivity. In the fiscal year ended March 31, 2019, the Company established an employment extension system under which employees may continue working up to a maximum age of 70. The purpose of this program is to promote the employment of seniors and enhance the vitality of the Company and its employees. With regard to recruitment, although the Company has built a track record in mid-career hiring, the majority of our recruiting is carried out with new graduates whom we train from scratch and post to roles throughout Japan and overseas. In the future, in fields where a high level of expertise is required, including those relating to the Web and AI as well as overseas roles, I believe it will also be necessary to hire personnel who have the experience to play an effective role immediately.

In the area of corporate governance, based on recognition of the importance of strengthening the supervisory function of the Board of Directors, the Company has appointed three independent outside directors, one of whom is a woman. This structure has been chosen with the aim of incorporating the most diverse range of knowledge possible and encouraging wide-ranging debate. I believe that corporate governance is not only about supervision and putting in place checks and balances but also a critical means of enhancing an enterprise's profitability, raising corporate value, and ensuring management transparency by utilizing the system effectively.

In the environmental sphere, in April 2019 JACCS issued green bonds totaling ¥10.0 billion. The funds raised will be used to provide loans for the establishment of solar power generation facilities. We believe that solar power can contribute to reducing environmental burden, and are committed to providing support for the adoption of solar power through our financing activities.

Delivering Shareholder Value

The Company believes that providing stable and continuous shareholder return, based on the maintenance of sound management and value creation, is of primary importance.

Under RAISE 2020, the Company has established an approximate dividend payout ratio target of 30%. The cash dividend applicable to the fiscal year ended March 31, 2019, totaled ¥80.00 per share. Consequently, the dividend payout ratio was 30.8%.

Toward the Realization of Our Long-Term Vision

As I have outlined earlier, in the fiscal year ending March 31, 2020, we aim to further raise our presence in the domestic market, strengthen the profit contributions of our domestic Group companies and overseas business, and enhance productivity as we work to reach the targets set for the second year of RAISE 2020. Furthermore, we will expand our utmost efforts toward the realization of the Group's long-term vision.

I wish to take this opportunity to thank our shareholders, investors, customers, business partners, and local communities for their continued, unwavering support.

August 2019

t. Yamazaki

Toru Yamazaki
President, COO and Representative Director

SPECIAL FEATURE:
DOMESTIC CREDIT AND FINANCING BUSINESSES DRIVE GROWTH

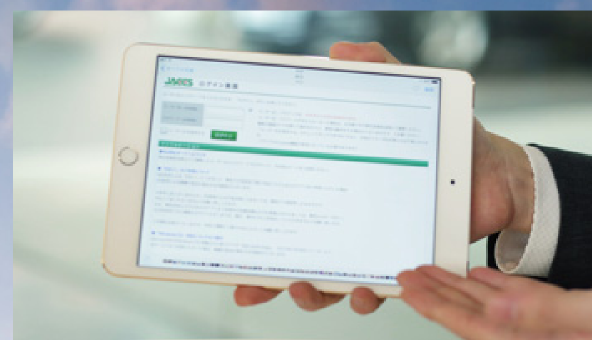
In the fiscal year ended March 31, 2019, the JACCS Group recorded increases in revenue and income for the second year running. One of the factors driving these results was the robust performance by the Group's domestic businesses. In particular, the credit business and financing business contributed greatly to operating results, and underpinning this is growth in the overall market together with the JACCS Group's high growth capabilities, which exceeded the market growth rate. In this special feature, we provide an overview of the reasons why the credit business and financing business have been able to maintain growth rates ahead of the market average.

Credit Business

The credit industry in Japan has continued to grow, bolstered by such favorable factors as low interest rate conditions in recent years and the expanding e-commerce market. In addition, the credit-usage ratio within personal consumption is also rising. Against this backdrop, in the JACCS Group's credit business we are not only taking an aggressive approach to the expansion of our store network but are also enhancing Web functionality and upgrading computer systems as part of a program of strategic investment in IT. This development applies to both shopping credits—where we have identified housing-related purchases, including home renovation, premium wristwatches, motorcycles, kimono, and household electrical appliances as major business categories—and auto loans. Through such measures, we have been able to continuously provide extremely user-friendly products, from the perspective of both customers and member stores. We believe this has been instrumental in driving growth that exceeds the market average.

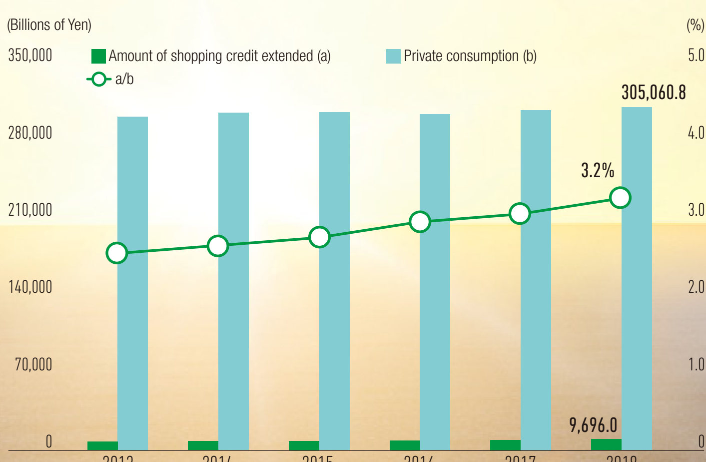
For example, one recent key driver in the credit business has been the imported-vehicle market, where we provide auto loans. During the three fiscal years beginning with the fiscal year ended March 31, 2015, we established new business alliances with more than 10 imported-vehicle brands, and have maintained these alliances. The Group's high growth rate in this business category has been underpinned by our experience and track record in the imported-vehicle field, our sales structure, and our solid product lineup. Furthermore, JACCS' soundness—exemplified by a stable financial base—and its backup center for its core computer system have also contributed to the success achieved in this business.

WeBBY: JACCS' fully Web-based shopping credit system



WeBBy is JACCS' online credit application system. Through improved credit-screening speed as the result of a paperless application process, convenience is enhanced for both customers and member stores.

Amount of Shopping Credit Extended and Private Consumption



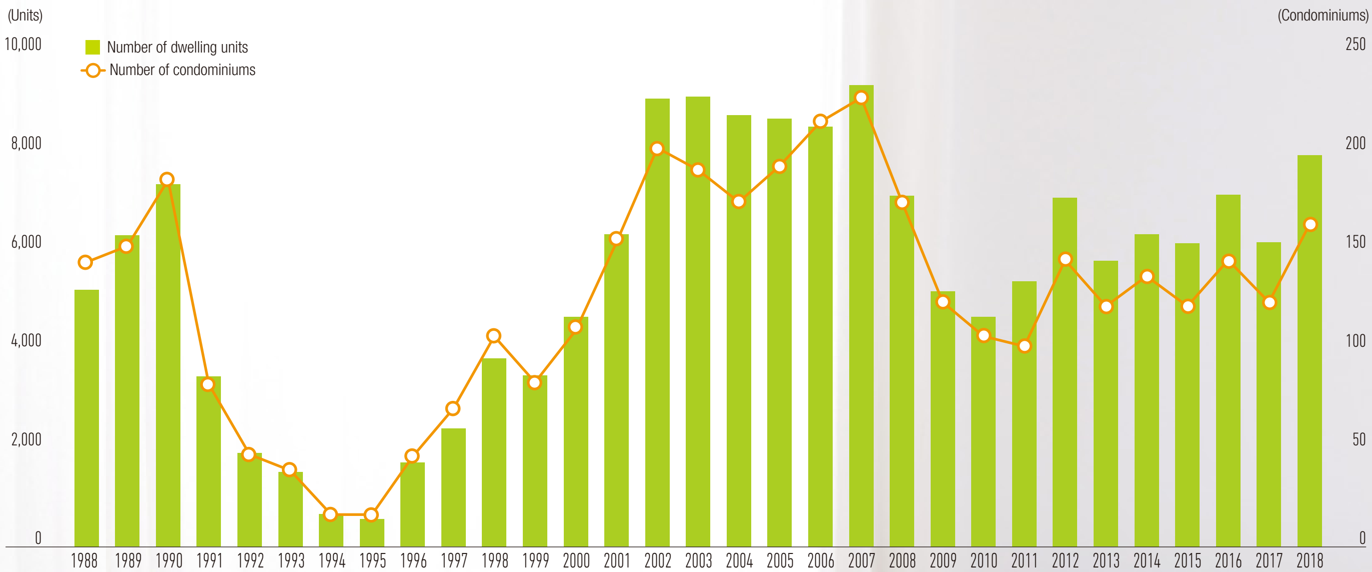
Source: JACCS Co., Ltd., based on Japan Consumer Credit Association, Japan Credit Statistics, 2018 edition, Pages 36–37

Financing Business

The financing business provides credit guarantee services for housing loans and personal loans extended by financial institutions. Both service categories continue to post steady growth. For example, in housing loan guarantees, JACCS specializes in providing mortgage guarantee services on studio condominiums purchased for investment purposes. Demand for studio condominiums as investment properties is firmly rooted, and the number of units sold remains solid.

The JACCS Group possesses a track record and know-how in the provision of housing loan guarantees on studio condominiums purchased for investment purposes that spans more than 40 years. Even when Japan's asset bubble collapsed in the early 1990s, JACCS continued to operate this business without falling into a crisis. When making a decision on whether to establish a partnership with a new member store, JACCS carries out screening based on rigorous criteria before entering into a business alliance agreement. Similarly, when undertaking screening of individual loans—including examination of the investment property to which the loan will be applied—JACCS uses very strict credit-screening criteria. By developing sound relationships with its business alliance partners and steadily building up a high-quality portfolio of receivables, the Group has made it possible to achieve sustainable growth.

Annual Number of Condominium Units for Sale



Source: Real Estate Economic Institute Co., Ltd., press release, "Trends in the Tokyo Regional Market for Condominiums for Investment Purposes in 2018 and January–June 2019"

ESG INITIATIVES: CORPORATE GOVERNANCE

Overview of Corporate Governance at the JACCS Group

Organizational format:	Company with Audit & Supervisory Board members
Number of directors:	12
Number of outside directors:	3
Number of outside directors designated as independent:	3
Term of office of directors:	1 year
Number of Audit & Supervisory Board members:	4
Number of outside Audit & Supervisory Board members:	2
Number of outside Audit & Supervisory Board members designated as independent:	2
Term of office of Audit & Supervisory Board members:	4 years
Independent auditor:	KPMG AZSA LLC
Use of executive officer system:	Yes

Fundamental Corporate Governance Philosophy

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

Based on JACCS' founding philosophy of "Trust is the basis for all," the Company believes that the trust and reliability of its stakeholders is paramount, and strives to grow based on this philosophy. The Company carries out its business operations with the aim of realizing its management principle of "JACCS contributes to the realization of a future inspired by dreams and an affluent society." In addition, the Company formulated its long-term vision and three-year medium-term business plan. As well as working to ensure that this vision and business plan are assimilated by all officers and employees of the JACCS Group, we strive to accomplish the goals of both.

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

Corporate Governance Structure

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

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

Board of Directors

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

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

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 debates matters delegated by the Board of Directors, important operational matters, and various issues, as part of a system designed to facilitate expeditious executions.

Audit Office

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

Accounting Auditor

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

Committees

• Nominations Advisory Committee

The Company has voluntarily established the Nominations Advisory Committee as an advisory body to the Board of Directors. The committee considers and debates nomination and dismissal proposals for directors and executive officers responsible for supervising specific functions, and reports its findings to the Board of Directors. The committee also considers and debates the standards applied to ensure the independence of outside officers, and reports its findings to the Board of Directors. The committee includes outside directors as members, and ensures objectivity and transparency are maintained.

• Remuneration Advisory Committee

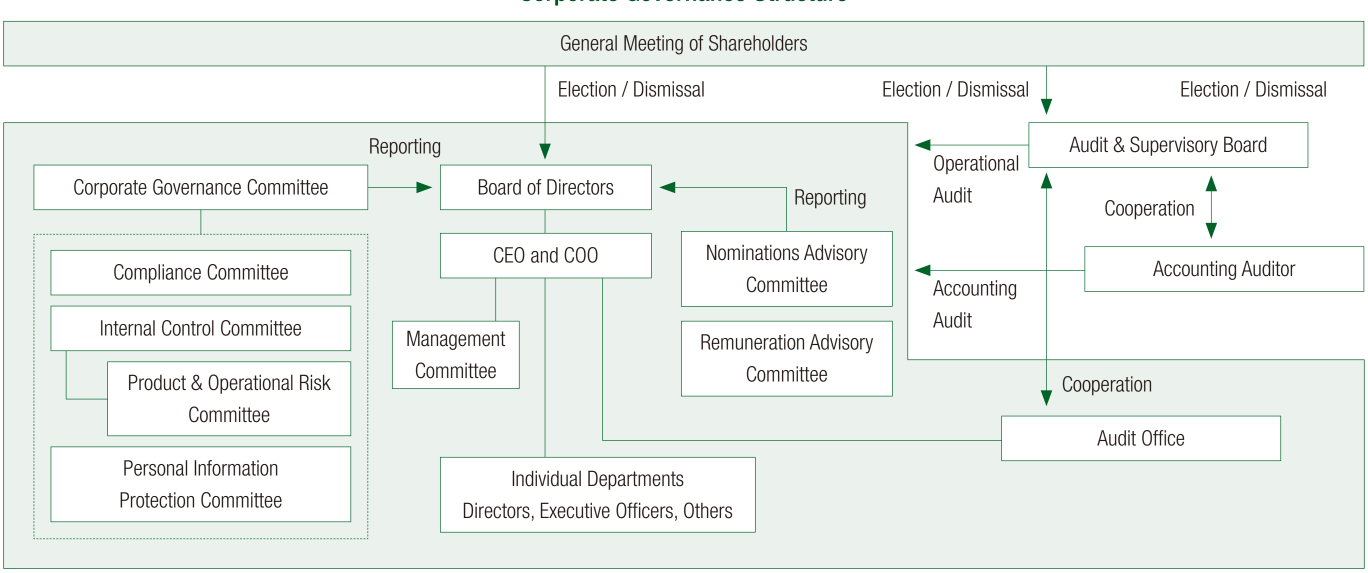
The Company has voluntarily established the Remuneration Advisory Committee as an advisory body to the Board of Directors. The committee considers and debates the performance of directors and executive officers responsible for supervising specific functions and the content of their remuneration, and reports its findings to the Board of Directors. The committee includes outside directors as members, and ensures objectivity and transparency are maintained.

• Corporate Governance Committee

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

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

Corporate Governance Structure



The Corporate Governance Committee comprises the following members: Representative directors; the director designated as supervisor of general affairs and personnel; the director designated as supervisor of compliance; the executive officer designated as supervisor of compliance; outside directors; and Audit & Supervisory Board members (including outside Audit & Supervisory Board members). The Company ensures the effectiveness of the committee through the inclusion of outside directors and outside Audit & Supervisory Board members.

Outside Directors and Outside Audit & Supervisory Board Members

The Company has appointed three 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

Compensation of Officers

Matters concerning policy relating to the method of calculating the amount of compensation of officers

With regard to compensation of directors of the Company, compensation of individual directors is determined while keeping within a total compensation amount of ¥600 million, which was the limit approved through a resolution of the 87th Ordinary General Meeting of Shareholders, held on June 28, 2018. Compensation comprises the following components: Basic compensation; a stock-based compensation program utilizing shares with restriction on transfer; and a performance share unit (stock-based program linked to business performance). There are a total of 12 directors (including three outside directors). Outside directors receive basic compensation only.

At the 87th Ordinary General Meeting of Shareholders, held on June 28, 2018, the Company revised its stock option program for stock-based compensation (excluding stock options already granted). To provide a medium- to long-term incentive as well as create a compensation structure that further promotes shared value with shareholders, the General Meeting of Shareholders passed a resolution to approve the introduction of a stock-based compensation program utilizing shares with restriction on transfer and a performance share unit, and the Company began implementing these new programs.

The management indicators tied to the performance share unit are consolidated ordinary income and consolidated total operating revenue, which are designated as key indicators in the medium-term business plan.

With regard to calculation of compensation, the Company has in advance stipulated performance-linked payment ranks within the "Internal Rules regarding Officer Compensation." The Remuneration Advisory Committee has determined these after conducting a review process and debate on performance evaluation. The aforementioned committee comprises representative directors, the director designated as supervisor of general affairs and personnel, and outside directors.

Compensation of officers in the fiscal year ended March 31, 2019, was considered by the Remuneration Advisory Committee at a meeting held on May 15, 2018, and was determined after review and debate based on evaluation of business performance during the fiscal year ended March 31, 2018. This was subsequently reported to a meeting of the Board of Directors held on June 28, 2018.

The performance share unit-linked indicator targets and results for the fiscal year ended March 31, 2019, were as follows.

Indicators	Targets (Millions of yen)	Results (Millions of yen)
Consolidated ordinary income	12,700	14,448
Consolidated total operating revenue	147,800	145,836

With regard to compensation for members of the Audit & Supervisory Board, the amount was set at within a ¥60 million limit as approved by a resolution of the 77th Ordinary General Meeting of Shareholders. Compensation was then determined based on discussions of the Audit & Supervisory Board.

Total compensation by officer category, by type of compensation and number of directors or Audit & Supervisory Board members

Officer category	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)				Number of directors or Audit & Supervisory Board members
		Basic compensation	Stock options	Stock-based compensation utilizing shares with restriction on transfer	Retirement allowance	
Directors (excluding outside directors)	368	338	9	20	—	9
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	42	42	—	—	—	2
Outside officers	36	36	—	—	—	6

Notes:
1. The amounts presented have been truncated to whole million-yen amounts.
2. Pursuant to resolutions of the General Meeting of Shareholders, the total annual amount of directors' compensation is set at within a ¥600 million limit (resolution of the 87th Ordinary General Meeting of Shareholders), and the total annual amount of compensation of members of the Audit & Supervisory Board is set at within a ¥60 million limit (resolution of the 77th Ordinary General Meeting of Shareholders).
3. The outside officers' compensation presented in the above table includes that of one outside director whose term of office ended at the conclusion of the 87th Ordinary General Meeting of Shareholders, held on June 28, 2018.
4. At the 87th Ordinary General Meeting of Shareholders, the Company revised its stock option program for stock-based compensation, and newly introduced a stock-based compensation program utilizing shares with restriction on transfer and a performance share unit (stock-based program linked to business performance).
5. The performance share unit involves the granting of cash compensation claims and cash following the conclusion of the medium-term business plan (from the fiscal year ended March 31, 2019, to the fiscal year ending March 31, 2021) based on the achievement ratio of numerical targets for the Company's business performance. Consequently, these amounts are not included in total compensation or total compensation by type presented in the above table.

Strengthening of the Internal Control System

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

On May 15, 2019, the Board of Directors passed a resolution regarding its "Fundamental Policy relating to the Internal Control System." This policy was applied on June 1, 2019.

Information Disclosure System

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

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

The Company works to dispatch notices of the General Meeting of Shareholders as early as possible. Notice of the Ordinary General Meeting of Shareholders held on June 27, 2019 was dispatched on June 5, 2019. To promote the exercise of voting rights, the Company participates in an electronic voting platform.

Message from an Independent Outside Director

Masahito Suzuki
Independent Outside Director

One year has now passed since I began my participation in management of the Company as an outside director. During that time, I have attended meetings of the Board of Directors and other meetings, including various committee meetings. To gain a thorough understanding of the Company's business operations, I have visited the business departments handling claims management operations and held a wide range of discussions with the staff working in these departments. My takeaway from these discussions was that employees of the Company are able to engage in frank and open discussion irrespective of their particular work duties. I also felt that a splendid corporate culture has taken root in which there is a strong dedication to fulfilling one's professional duties while at the same time maintaining a warm and friendly manner during all interactions with people.

In recent years, there have been frequent revelations of irregularities at other companies, and the importance of corporate governance has been repeatedly underlined. I believe that what underpins corporate governance and compliance is a corporate culture fostered by a history that supports discipline.

Within such a culture, I have felt that JACCS' corporate governance functions effectively and in a substantial way based not only on rules and a structure of committees but also on the leadership of senior management.

As an independent outside director, I will strive to ensure that the Company maintains its excellent standing among all stakeholders, including ordinary shareholders, employees, and society at large, by utilizing my experience to date while verifying the Company's strategy and status of its implementation from a wide variety of perspectives. My efforts will also be focused on the sustainable enhancement of the Company's corporate value.

Board of Directors

(As of June 27, 2019)

Chairman, CEO and Representative Director

Yasuyoshi Itagaki

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

President, COO and Representative Director

Toru Yamazaki

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

Representative Director and Senior Managing Executive Officer

Hidechika Kobayashi

Manager of Business Strategy Department

Apr. 1978 Joined the Company
June 2006 Senior Executive Officer and General Manager of Shopping Credit Promotion Department
June 2011 Managing Executive Officer and General Manager of Shutoken Area
June 2013 Director and Managing Executive Officer (Manager of Business Strategy Department and Supervisor of Credit & Credit Card Business)
June 2014 Director and Senior Managing Executive Officer (Manager of Business Strategy Department and Supervisor of Credit & Credit Card Business)
June 2015 Director and Senior Managing Executive Officer (Manager of Business Strategy Department and Supervisor of Credit & Credit Card Business and Financing Business)
June 2016 Director and Senior Managing Executive Officer (Manager of Business Strategy Department)
June 2017 Representative Director and Senior Managing Executive Officer (Manager of Business Strategy Department)

Director, CFO and Senior Managing Executive Officer

Minekazu Sugano

Supervisor of Information Systems

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

Director and Managing Executive Officer

Kojun Sato

Supervisor of International Business

Apr. 1980 Joined the Company
Oct. 2010 Executive Officer and General Manager of Hokkaido Area
June 2012 Director and Senior Executive Officer (Supervisor of Corporate Planning)
June 2015 Director and Managing Executive Officer (Supervisor of Corporate Planning)
June 2016 Director and Managing Executive Officer (Supervisor of International Business and Group Strategic Business)
June 2018 Director and Managing Executive Officer (Supervisor of International Business)

Director and Managing Executive Officer

Hitoshi Chino

Supervisor of Credit Management and Credit Screening and Operation

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

Director and Managing Executive Officer

Takashi Saitou

Supervisor of Accounting and Finance and Compliance Department

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

Director and Managing Executive Officer

Shigeki Ogata

Supervisor of Corporate Planning

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

Director and Managing Executive Officer

Kenichi Oshima

Supervisor of General Affairs and Personnel

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

Outside Director*

Kuniaki Hara

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

Outside Director*

Masahito Suzuki

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

Outside Director*

Junko Nishiyama

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

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

Audit & Supervisory Board Members

(As of June 27, 2019)

Audit & Supervisory Board Member (Full-time)

Atsushi Hazawa

Apr. 1983 Joined the Company
Oct. 2010 Manager of Business Supervisory Office of Business Strategy Department
Apr. 2014 Executive Officer and General Manager of Kyushu Area
June 2016 Audit & Supervisory Board Member of the Company (current position)

Audit & Supervisory Board Member (Full-time)

Hideo Yoshino

Apr. 1980 Joined The Mitsubishi Bank, Limited (currently MUFG Bank, Ltd.)
Mar. 2005 General Manager of Manila Branch of The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)
Sept. 2007 Regional Manager in Vietnam and General Manager of Ho Chi Minh City Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)
Apr. 2010 Joined the Company as General Manager of International Business Planning Department
June 2012 Senior Executive Officer and General Manager of International Business Planning Department
Aug. 2014 Senior Executive Officer and Representative Director of PT Mitra Pinasthika Mustika Finance
Mar. 2016 Senior Executive Officer and General Manager of International Business Planning Department of the Company
Apr. 2017 Senior Executive Officer and General Manager of International Business Department
June 2017 Audit & Supervisory Board Member of the Company (current position)

Outside Audit & Supervisory Board Member**

Shinji Murakami

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

Outside Audit & Supervisory Board Member**

Yusuke Komachiya

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

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

Executive Officers

(As of June 27, 2019)

Senior Executive Officers

Takahiro Nagoshi
International Business

Akira Kuzukami
Shutoken Area

Toshio Sotoguchi
International Business

Masahiro Hasukawa
Audit Office

Masami Odagiri
Compliance

Ryo Murakami
Deputy Manager of Business Strategy Department and Shopping Credit

Toshiya Kaname
PT Mitra Pinasthika Mustika Finance (Indonesia)

Masayuki Nemoto
Deputy Manager of Business Strategy Department and Credit Card and Payments Business

Shingo Yuzue
Financing

Hiroki Yoshida
Chubu Area

Toshikazu Kondo
Kinki Area

Osamu Ota
Information Systems and Systems Development

Executive Officers

Terukazu Shimokawa
Kyushu Area

Noboru Taniguchi
Credit Management

Ichiro Kobayashi
Corporate Planning

Keigo Abo
Chugoku-Shikoku Area

Kazuhiko Segawa
Compliance

Naoki Akiba
Credit Screening and Operation

Hirofumi Kato
Hokkaido Area

Hideyuki Yamaoka
Housing Loan Guarantee, Business Strategy

Yosuke Sato
Shopping Credit Promotion, Business Strategy

Masatoshi Fukuyama
Auto Loans, Business Strategy

Tatsuya Kosuge
Tohoku Area

Toru Matsumura
Credit Card Promotion, Business Strategy

Akihito Suehiro
Acquiring Business, Business Strategy

Shingo Asakawa
Payments Promotion and Payments Planning, Business Strategy

Yasuyuki Okumoto
Guarantee Business, Business Strategy

Satoru Yamashita
Kita-Kanto Area

ESG INITIATIVES: CSR ACTIVITIES

"Through all of our interactions with society, we aim to honor the trust placed in us by our stakeholders, and strive to enhance the level of satisfaction we provide."

This statement conveys JACCS' core CSR philosophy. Below is an introduction to the Group's CSR activities in the fiscal year ended March 31, 2019.

Customer-Related Activities

Protecting customers' personal data

The Company conducts regular training programs covering all employees on personal information protection. JACCS is committed to further enhancing appropriate protection of customers' personal information, credit card numbers, and other data. In the fiscal year ended March 31, 2019, a total of 110 JACCS employees passed the qualification test for Managers Handling Personal Information. This qualification is managed by the Japan Consumer Credit Association, which is an Authorized Personal Information Protection Organization recognized by Japanese government agencies. Currently, 2,631 JACCS employees have qualifications relating to personal information management. Furthermore, the Company improved the content of personal data protection audits in response to changes in risk and revisions to related laws and regulations, and implemented a personal data protection audit covering all departments and divisions. JACCS conducted a check of all outsourcing contractors that handle personal data. This included the implementation of a personal data security management questionnaire, which had been upgraded to reflect revisions to related laws and regulations. In conjunction with this process, JACCS made visits to the offices of major outsourcing contractors and subcontractors to confirm questionnaire results and view the actual situation firsthand, and conducted on-site inspections.

Customer center commences interpreting service for sign language and written communication

To reflect customers' opinions and requests in our business operations, we continuously work to improve our business practices. In the fiscal year ended March 31, 2019, as a leading example of improvement, in March 2019 the Company's customer center began providing an interpreting service for sign language and written communication. Through the introduction of this service, customers with hearing, speech, or language impairments are now able to conduct various administrative procedures or make inquiries via video calls.

JACCS introduces AI technology to support customer center inquiry handling operations

In March 2019, through collaboration with IBM Japan Ltd., JACCS introduced IBM's AI technology into its customer center operations. JACCS deployed a question-answering support system, which automatically displays candidate answers on a customer service operator's terminal screen when responding to an inquiry. The diverse information sources used by customer inquiry operators have conventionally been accessed through printed manuals and database management systems. These information sources are now centrally managed using IBM's cloud computing platform. When an operator receives an inquiry call from a customer, the system automatically converts the conversation to text, and by integrating this with an advanced Japanese-language analytical engine and a similar-document search engine, the system supports the provision of rapid responses by the operator. Hence, the system makes it possible to reduce call times and provide high-quality, stable customer service independent of the operator's number of years of experience. Underpinned by this technology, JACCS will strive to realize enhanced customer service quality and productivity.

Protecting the Environment

Issuance of green bonds*

In April 2019, the Company issued green bonds on the domestic bond market. Funds raised through the issuance of these green bonds will be used for loans relating to solar power generation facilities. The Company is promoting loans of this type as one of the credit business' principal products. As well as advancing the Company's strategy of diversifying its fundraising sources, the green bonds address the spread of renewable energy and thus contribute to the realization of a sustainable society. On issuance, the bonds were evaluated by Japan Credit Rating Agency, Ltd. (JCR), and received the highest evaluation of "Green 1" within the JCR Green Bond Evaluation system.

GreenBond Platform

* Bonds issued by private enterprises and local authorities for the purpose of raising funds to be used for green projects (projects in such categories as: have a positive impact on the environment; renewable energy; construction or improvement of buildings designed to enhance energy conservation; prevention and management of environmental contamination).

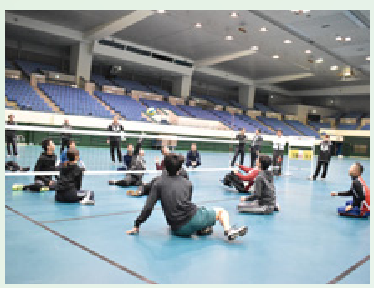
Reducing energy consumption

As a designated corporation under the revised Act on the Rational Use of Energy, the Company pursues an annual target of a reduction in energy consumption of at least 1%. By implementing such measures as the introduction of high fuel-efficiency vehicles and reduction of photocopy paper consumption, we are striving to reduce CO_2 emissions. In the fiscal year ended March 31, 2019, energy savings were equivalent to 1,949 kl of crude oil, and energy consumption was reduced 5.1% compared with the previous fiscal year.

Social Contribution Activities

Holding of internal Company experience sessions to deepen understanding of sitting volleyball

In January 2018, JACCS established a special partnership agreement with the Japan Para-Volleyball Association (JPVA). JPVA promotes and administers the sport of sitting volleyball. To deepen understanding of the sport, JACCS held experience sessions in Tokyo and Nagoya, which were attended by a total of 65 people, comprising employees and their families.



As well as contributing to the popularization of sitting volleyball, the further development of disabled sports also contributes to the creation of a society in which people with diverse attributes and needs can flourish.

Issuing of credit cards that contribute to society

As part of JACCS' efforts to contribute to society through its business activities, the Company issues credit cards that include a charitable donation system, which makes it possible for members to donate a predetermined percentage of their card's total annual purchase amount to a specified charitable organization or local community organization. JACCS fully incurs the amount that is donated to charity, and no monetary cost is borne by the cardholder. The aim is to support efforts to revitalize local economies as well as raise awareness of the importance of making a social contribution.

In the fiscal year ended March 31, 2019, the Japan Guide Dog Association Card issued by JACCS raised approximately ¥4.2 million through various programs, which was donated to the Japan Guide Dog Association (JGDA).

Programs for Employees

Helping female employees reach their potential

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

Situation in the fiscal year ended March 31, 2019

1. Ratio of female recruits (among regular, full-time employees recruited as new graduates in April 2019)
   - Ratio of women among global recruits
     20.0% (12 employees)
     (Global employees are recruited on the basis that they may be transferred to any JACCS Group office globally.)
   - Ratio of women among regional recruits
     100% (51 employees)
     (Regional employees are recruited on the basis that they will be assigned to work in a specified region.)
2. Average monthly overtime hours* (regular and full-time employees)
   - Global employees 16.1 hours
   - Regional employees 7.0 hours
   - Average for all regular and full-time employees 10.7 hours

   * Hours worked that exceed statutory working hours
3. Ratio of female employees among management-level employees
   - Global employees 1.6% (9 employees)
   - Regional employees 97.6% (123 employees)
   - Total for all regular and full-time employees 19.3% (132 employees)

Promoting child-rearing assistance programs

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

Targets and results in the fiscal year ended March 31, 2019 for programs to promote the use of child-rearing leave programs

	Targets	Results
Ratio for female employees	At least 95%	94.2%
Ratio for male employees	At least 30%	50.0%

Promoting a balance between career and home life

As part of its reform of working styles, from April 2017 the Company has been implementing the JACCS Work-Life Balance Promotion (JWP) initiative, which aims to help employees enhance their working and home lives. As part of this initiative, we are promoting the following targets for employees: at least three days per month with no overtime worked; at least one "Premium Weekday"*[1] per month; at least 60% of annual leave days used; and a maximum of 30 hours of overtime*[2] worked per month.

Situation in the fiscal year ended March 31, 2019

Percentage of employees having at least three days per month with no overtime worked and taking one "Premium Weekday" per month	98.9%
Average percentage of allocated annual leave days taken by employees:	
Average percentage of annual leave days taken by employees	73.1%
Average number of annual leave days taken per year	13.6 days
Percentage of employees who worked 30 hours or less of overtime per month	94.2%

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

*2 Number of hours exceeding the Company's prescribed working hours, which are within the statutory working hours

External certifications and awards

- JACCS received certification under the "Kurumin" program for the fourth time in June 2019. This certification recognizes JACCS as a company that supports child-rearing, based on the results of its programs, which fulfilled the criteria set and assessed by the MHLW (Tokyo Labor Bureau).
- In February 2019, for the second consecutive year JACCS received certification from the METI under the Certified Health and Productivity Management Organization Recognition Program ("White 500"), as a company engaging in strategic health and productivity management efforts to maintain employee health from a management perspective.
- The reform of working styles within the aforementioned JWP initiative has been highly appraised, and in the 3rd "Awards for Enterprises and Workplaces with Pleasant Working Environments and High Productivity"—organized by the MHLW—JACCS received a "Brightly Shining Initiatives Award" in the Large Enterprises category.

2019年認定
くるみん
子育てサポートしています

2019
健康経営優良法人
Health and productivity
ホワイト500

IR Activities

The Company holds briefings for analysts and institutional investors twice yearly approximately one week after the results announcement. In addition to the results announcement at the Tokyo Stock Exchange (TSE), the Company posts its securities filing (*Yuka Shoken Hokokusho*), briefing materials for analysts and institutional investors, shareholders' newsletters, Japanese and English annual reports, and other materials on the JACCS website.

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

In the fiscal year ended March 31, 2019, JACCS published on its website full videos of its results briefings, highlight videos, slideshows that include the transcribed text of the oral commentary, and the content of the Q&A sessions (the aforementioned materials are available in Japanese only). These initiatives reflect JACCS' efforts to provide an enhanced range of IR materials.

A dedicated IR manager is appointed within the Public Relations Section of the Corporate Planning Department.

Briefing for analysts and institutional investors

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

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

CREDIT BUSINESS

Housing-Related Fields, Premium Wristwatches, Household Appliances, and Auto Loans Continue to Perform Strongly

Overview

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

Shopping credit includes such major product and service categories as home renovation and other housing-related fields, premium wristwatches and jewelry, motorcycles, household appliances and electronics, and kimono. JACCS also provides credit in such fields as education, bridal, and healthcare services. In auto loans, JACCS supports a broad range of vehicle purchases, from new domestic-brand vehicles and imported vehicles to used vehicles. The JACCS Group also handles auto leasing. JACCS is promoting the adoption of Web-based credit-application services, and working to bolster demand for credit by enhancing customer convenience through a move to paperless application procedures and speedier credit screening.

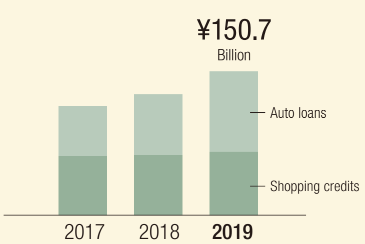
Operating Performance (Non-Consolidated)

In shopping credits, the volume of new contracts increased, driven by expansion in such key business categories as housing-related fields, premium wristwatches, and household appliances. In auto loans, the volume of new contracts grew as volumes handled by imported-vehicle dealerships and dealerships specializing in used vehicles performed favorably.

Operating revenue grew, reflecting increases in the volume of new contracts in each business category and a reversal of deferred installment income.

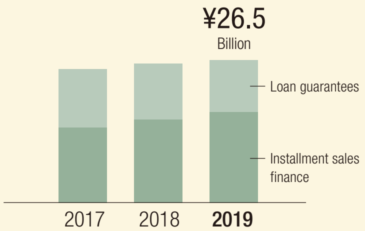
Balance of Deferred Installment Income

(Non-Consolidated)



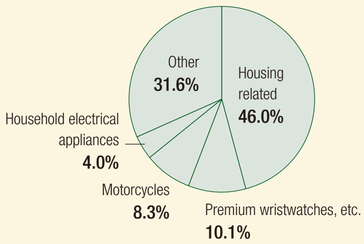
Operating Revenue in Shopping Credits

(Non-Consolidated)



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

(Non-Consolidated)



Strategy under RAISE 2020

In shopping credits, JACCS is aiming to realize sustainable growth centering on major product and service categories. In housing-related fields, by focusing efforts on such partners as house manufacturers and builders, JACCS is working to expand the volume of new contracts in home renovation and such environmental products as solar power generation equipment and storage batteries. In other major business categories, we are striving to grow the volume of new contracts through a range of marketing programs, particularly centering on such categories as premium wristwatches and motorcycles. To achieve sustainable growth, we are working to provide a lineup of credit products that meets diverse consumer needs. Specifically, we are strengthening initiatives that cater to the e-commerce market by expanding and promoting Web functionality, which will lead to increased convenience and higher productivity.

In auto loans, JACCS is aiming to grow its market share by strengthening its sales programs in partnership with imported-vehicle dealerships and specialized used-vehicle dealerships. In relation to imported-vehicle dealerships, JACCS is working to strengthen relationships with its partners by providing high-quality services and sales-support services as part of captive-finance* solutions, thereby bolstering demand for auto loans. Through such measures, we aim to grow the volume of new contracts. With regard to specialized used-vehicle dealerships, by expanding the functionality and enhancing the usability of Web-based products, JACCS is striving to increase the volume of new contracts, centering on major dealerships that have a nationwide store network and large-scale regional dealerships.

Furthermore, in response to diversifying consumer needs, we are enhancing the marketability of auto lease services targeting individual customers and actively promoting the use of these services.

* Auto sales finance offered in partnership with automobile manufacturers

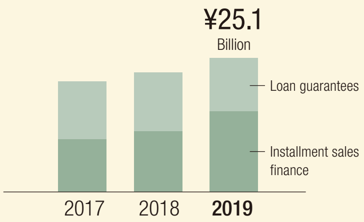
ESG-Related Initiatives

JACCS has issued green bonds in response to sustained increase in the volume of new contracts for solar power generation facilities, storage batteries, and other environmental products, and is promoting the adoption of renewable energy.

In April 2019, JACCS issued green bonds totaling ¥10.0 billion on the domestic market. Green bonds are issued by companies and local public bodies to raise funds necessary for green projects. Such projects have environmental improvement effects and may be for such purposes as renewable energy, the construction or refurbishment of energy-saving buildings, or the prevention or management of environmental contamination. In 1998, JACCS became the first company in its industry in Japan to commence handling solar loans. JACCS believed that the adoption and spread of solar power generation would contribute to a reduction in the burden on the environment, and hence has promoted the use of solar loans for more than 20 years. Through this issue of green bonds, JACCS has advanced its goal of diversifying its fundraising sources, while at the same time furthering its commitment to contributing to the realization of a sustainable society through the long-term support of measures aimed at increasing the adoption of renewable energy.

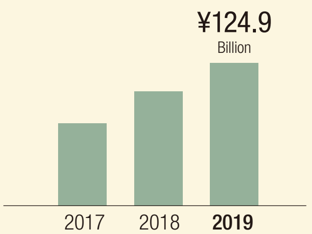
Operating Revenue in Auto Loans

(Non-Consolidated)



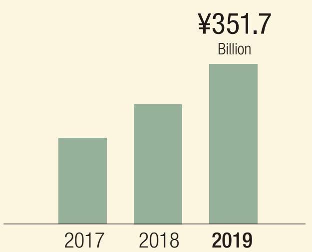
Volume of New Contracts of Web-Based Products in Shopping Credits

(Non-Consolidated)



Volume of New Contracts of Web-Based Products in Auto Loans

(Non-Consolidated)



CREDIT CARD AND PAYMENTS BUSINESS

Volume of New Contracts Rose, Driven by Increases in Existing Members and Active Members; Payments Business Performed Strongly

Overview

The credit card business encompasses the issuing of credit cards and acquiring operations for a network of member stores for Visa and Mastercard, as well as Alipay and WeChat Pay—payment services catering to Chinese consumers. As an independent credit card issuer not affiliated with any particular retail group, JACCS issues cards centering on co-branded cards in partnership with companies and organizations from a broad spectrum of industries and fields. Through the expansion of alliance partners, JACCS is striving to increase new card members. By executing promotions targeting members that utilize card usage data, we are working to increase the volume of new contracts. In response to increasingly diverse consumer needs, JACCS issues prepaid cards and other products in addition to credit cards. We are also working to increase the uptake of contactless IC-based payment services using smartphones and other devices as a means of enhancing consumer convenience and security. This is part of our strategy to promote multi-payment services.

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

Operating Performance (Non-Consolidated)

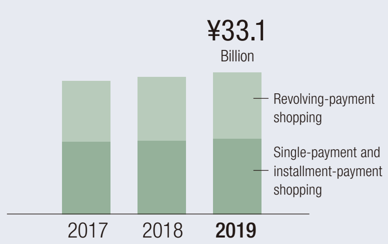
Although the number of new members in the credit card business remained flat, owing to a decrease in the number of membership withdrawals, the number of existing cardholders rose. The number of active cardholders increased, driven by growth in the number of existing members and a range of promotional campaigns. The volume of new contracts for shopping grew, underpinned by growth in the number of existing members and an increase in the number of active cardholders. Operating revenue increased, driven by an expansion in the volume of new contracts and a rise in the balance of revolving payments.

In cash advances, despite the execution of a range of promotional campaigns, the volume of new contracts for revolving-payment cash advances and loan cards decreased. Operating revenue was down owing to a decrease in the balance of revolving-payment cash advances and loan cards.

In bill collection within the payments business, the volume of new contracts and operating revenue increased, driven by a robust volume of new contracts for fitness clubs and other organizations, and an expansion in alliance partnerships. In rent guarantee operations, the volume of new contracts and operating revenue grew, underpinned by a stable volume of new contracts at major alliance partners, and steady business at new alliance partners.

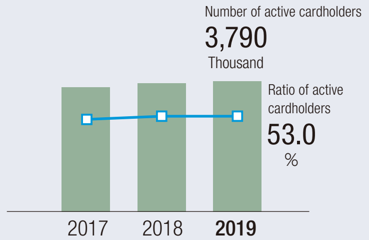
Operating Revenue in Credit Card Business for Shopping

(Non-Consolidated)



Number and Ratio of Active Cardholders

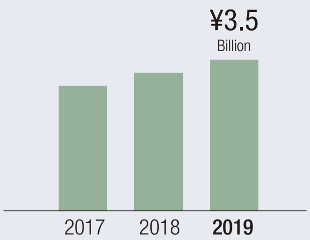
(Non-Consolidated)



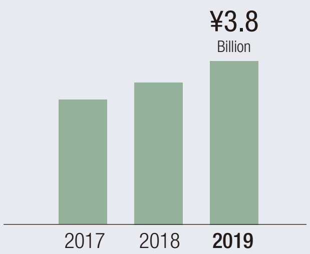
Strategy under RAISE 2020

JACCS is working to accelerate growth in the credit card and payments business by promoting multi-payment services. We are striving to expand our customer base and strengthen our earnings platform by increasing the number of new members and active members based on the promotion of co-branded cards, as well as through increased card usage and growth in the balance of operating receivables driven by finely calibrated marketing programs. We are also expanding functionality and strengthening promotion of the business in preparation for further entry into the payments market. Specifically, we are focusing on such areas as expansion of acquiring operations and other multi-payment businesses, coordination between the credit card business and the payments business, measures in response to the Japanese government's cashless rebate program for consumers, and expansion of the Group's business scope in light of the anticipated advance of the transition of Japan to a cashless society.

Revenue from Bill Collection Services



Revenue from Rent Guarantees



ESG-Related Initiatives

Social and Local Community Contribution through the Credit Card Business

JACCS issues co-branded credit cards—such as the Japan Guide Dog Association Card—that contribute to social and local community causes. Through these initiatives, JACCS makes donations to local community organizations and social contribution organizations. A further part of our social contribution activities is donations based on the usage of JACCS Card by Company employees. Donations though this system comprise points earned by employees equivalent to 0.1% of the card usage amount, together with an equal amount donated by the Company. In the fiscal year ended March 31, 2019, JACCS made donations totaling ¥6.02 million to the NPO Gold Ribbon Network and nine other organizations. JACCS donates to Gold Ribbon Network—which supports child cancer patients—on a regular basis, while the nine other charities, and the amounts donated to each, were decided through voting by officers and employees of the Company.

CSR Activities>Efforts for Social Contributions

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

FINANCING BUSINESS

Housing Loan Guarantees Trended Favorably; Balance of Personal Loan Guarantees Performed Strongly

Overview

The financing business provides credit guarantee services for housing loans and personal loans extended by financial institutions. Housing loan guarantee services specialize in mortgage guarantees on apartments purchased for investment purposes. JACCS conducts this business in the major urban areas centering on Tokyo, Osaka, and Fukuoka, where apartments have sound, long-term rental income-earning potential. Guarantee services for personal loans extended by financial institutions are conducted through partnerships with more than 600 financial institutions nationwide.

Operating Performance (Non-Consolidated)

In housing loan guarantees, the balance of loan guarantees and operating revenue increased, driven by a strong performance in the number of housing units sold by alliance partners. In personal loan guarantees for financial institutions, the balance of loan guarantees and operating revenue increased, underpinned by an expansion in new alliance partnerships and an increase in loans handled by MUFG Bank.

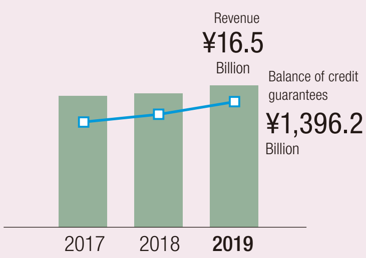
Strategy under RAISE 2020

In housing loan guarantees, we aim to grow earnings by expanding market share and increasing the number of new alliance partners. To achieve this, we are working to enhance the convenience of the products we offer, and increase the volume of new contracts by expanding our share of guarantees at existing alliance partners and developing new partnerships.

In guarantees for personal loans extended by financial institutions, we aim to grow earnings by promoting intra-Group cooperation and further advancing the Web-based platform for this business. with Group cooperation, we will strive to increase the volume of new contracts at MUFG Bank. JACCS will focus on developing products that meet market needs, including through the enhancement of functionality for Web-based products. In addition, JACCS will work to smoothly integrate into the Group the credit guarantee business it has agreed to acquire from JCB Co., Ltd., through a corporate separation, thereby further strengthening and growing its earnings base.

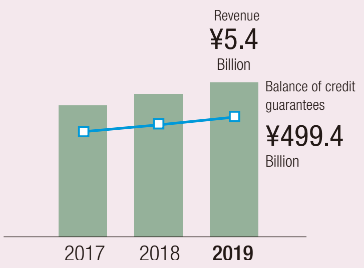
Revenue from and Balance of Guarantees for Housing Loans

(Non-Consolidated)



Revenue from and Balance of Guarantees for Personal Loans

(Non-Consolidated)

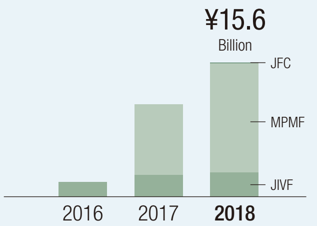


Review of Operations

OVERSEAS BUSINESS

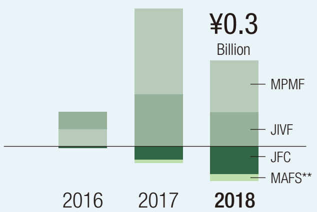
Operating Revenue at Overseas Affiliates

(Years ended December 31)



Ordinary Income (Loss) at Overseas Affiliates*

(Years ended December 31)



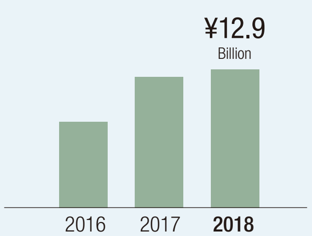
JIVF: JACCS International Vietnam Finance Co., Ltd. (Vietnam)
MPMF: PT Mitra Pinasthika Mustika Finance (Indonesia)
JFC: JACCS FINANCE (CAMBODIA) PLC. (Cambodia)
MAFS: MMPC Auto Financial Services Corporation (Philippines)

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

** Converted into a consolidated subsidiary and changed its name to JACCS FINANCE PHILIPPINES CORPORATION on July 3, 2019

Volume of New Contracts in Vietnam

(Years ended December 31)



Although the Group Achieved Growth in Each Country, Profit Contribution Declined; Decision to Convert Philippines Affiliate to Consolidated Subsidiary

Overview

Expansion of the overseas business is a key policy of JACCS' three-year medium-term business plan, RAISE 2020. JACCS has entered the market in four ASEAN member countries. In Vietnam, Indonesia, and Cambodia, business is conducted through consolidated subsidiaries. In the Philippines, JACCS operates through an equity-method company (which was converted to a consolidated subsidiary in July 2019). Business is centered on providing sales finance for motorcycles and automobiles.

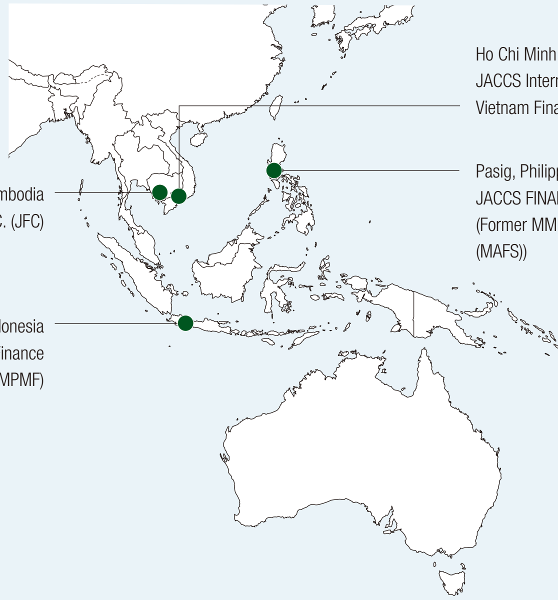
In Vietnam, which JACCS entered in 2010 through the establishment of a wholly owned local subsidiary, core operations include motorcycle sales finance, personal loans, and credit cards. In addition, the Group also provides sales finance for automobiles and household electrical appliances. In Indonesia, JACCS established a partnership with leading Indonesian corporate group PT Mitra Pinasthika Mustika (MPM), and entered the market in 2012 by offering motorcycle sales finance. At present, the Group's main products in Indonesia are motorcycle and automobile sales finance. In 2016, JACCS entered the Philippines market, launching automobile sales finance operations. JACCS entered Cambodia through the establishment of a wholly owned local subsidiary and began offering shopping credit services. From 2018, the Group launched motorcycle sales finance services in Cambodia.

Operating Performance

In Vietnam, the total number of motorcycles sold in the country in 2018 increased 3.5% compared with the previous year, to 3.39 million vehicles. In the fiscal year ended March 31, 2019*, the volume of new contracts at JACCS International Vietnam Finance Co., Ltd. (JIVF), rose 6.0% compared with the previous fiscal year. Operating revenue increased 8.0%.

In Indonesia, the total number of automobiles sold in the country in 2018 increased 6.9% compared with the previous year, to 1.15 million vehicles, and the total number of motorcycles sold increased 8.4%, to 6.38 million vehicles. Within this environment, in the fiscal year ended March 31, 2019*, the volume of new contracts at PT Mitra Pinasthika Mustika Finance (MPMF) grew 32.2% compared with the previous fiscal year, and operating revenue rose 54.9%.

In the Philippines, although the total number of automobiles sold in the country in 2018 decreased 15.3% compared with the previous year, to approximately 400,000 vehicles, in the fiscal year ended March 31, 2019*, the



volume of new contracts at MMPC Auto Financial Services Corporation (MAFS) increased 14.9% compared with the previous fiscal year.

In Cambodia, income levels of the middle class are rising against a backdrop of rapid economic growth, and consumption is on a growth trend. In March 2018, JACCS FINANCE (CAMBODIA) PLC. (JFC) commenced motorcycle sales finance operations, and focused on developing its network of member stores while growing the volume of new contracts.

* The fiscal year-end for overseas subsidiaries and affiliates is December 31. The consolidated results reflect operations from January to December.

Strategy under RAISE 2020

JACCS is striving to expand profits and build and strengthen its operating base in ASEAN member countries. In Vietnam and Indonesia, the Group is working to increase profit contributions to the Group's consolidated performance. In the Philippines, the Group is striving to rebuild its operations through the conversion of MAFS to a consolidated subsidiary, having previously been an equity-method affiliate. In Cambodia, JACCS is strengthening its operating base.

In Vietnam, JACCS will strive to increase the volume of new contracts through cross-selling of such services as credit cards, centering on existing motorcycle loan customers. In addition to developing and launching new products, the Group is strengthening its structures for credit screening and collection of receivables, and expanding its earnings base.

In Indonesia, JACCS is working to grow the volume of new contracts, centering on automobile loans. JACCS is striving to curb financial expenses by leveraging the Group's high level of creditworthiness to raise funds at low interest rates and through the diversification of fundraising. Simultaneously, JACCS is working to build a new credit-screening system and optimize its system for the collection of receivables. These efforts are aimed at expanding the profit contribution to consolidated results.

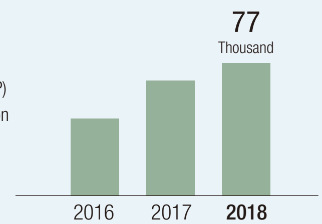
In the Philippines, in addition to pursuing the development of a network of used-vehicle member stores, we are working to increase JACCS' presence within the new-vehicle dealership market, and are aiming to achieve profitability at an early stage.

In Cambodia, we will work to increase market share by strengthening our sales structure. Furthermore, to expand the Group's business territory, we are working to sign up new member stores in the suburbs of the capital city, Phnom Penh. We are aiming to achieve profitability during the fiscal year ending March 31, 2020.

The parent company will continue to strengthen its support systems for overseas Group affiliates while striving to grow the overseas business as a whole.

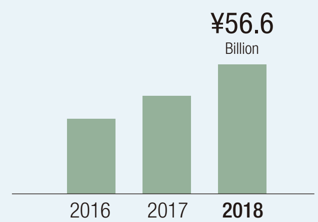
Number of Existing Credit Cardholders in Vietnam

(As of December 31)



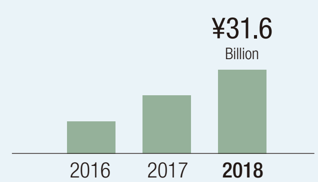
Volume of New Contracts in Indonesia

(Years ended December 31)



Volume of New Contracts for Automobiles in Indonesia

(Years ended December 31)



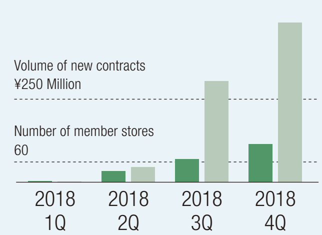
Philippines: Changes in Equity Stake

Equity holder	Equity stake
BDOLF	40%
MMPC	5%
JACCS	20%
Sojitz	35%

Equity holder	Equity stake
JACCS	65%
Sojitz	35%

BDOLF: BDO Leasing and Finance, Inc.
MMPC: Mitsubishi Motors Philippines Corporation

Volume of New Contracts and Number of Member Stores in Cambodia



MESSAGE FROM THE CHIEF FINANCIAL OFFICER

Accompanying expansion in the volume of new contracts in domestic businesses and development of the overseas business, Group-based financial operations are becoming increasingly important. To respond to the expectations of stakeholders, we are striving to strengthen our financial base, which underpins the Group's growth.

Minekazu Sugano
Director, CFO and Senior Managing Executive Officer

Fundraising

Our basic fundraising policy is to harness asset liability management (ALM) to reinforce our financial structure and manage risks. We also promote such policies as liquidity enhancement, diversification of fundraising, and a shift toward long-term, fixed-interest fundraising. In addition, we support the fundraising activities of Group companies in Japan and overseas.

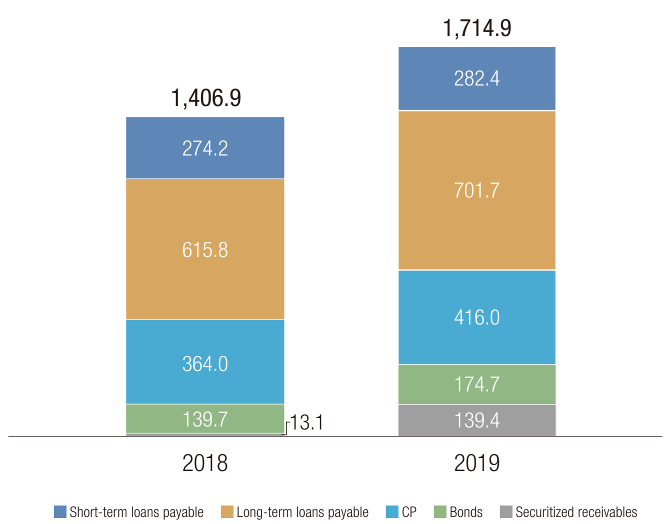
As a Group operating in the financial sector, fundraising is one of JACCS' core functions. In addition to the capital raised from shareholders and other investors, we carry out stable fundraising by utilizing the creditworthiness established through relationships with a large number of financial institutions—built up over more than 60 years—as well as through our membership in the MUFG Group. Methods for fundraising include borrowings sourced from a wide range of institutions, the issuance of corporate bonds and commercial paper (CP), and the use of affiliated loans.

In the fiscal year ended March 31, 2019, in response to funding requirements driven by an increase in the volume of new contracts, we carried out securitization of receivables on an ongoing basis, and made the decision to issue green bonds* with the objectives of promoting ESG initiatives while

Fundraising Status (Billions of Yen)

	2018		2019		
Type of funding	Amount	Ratio	Amount	Ratio	Change from 2018
Short-term loans payable	274.2	19.5%	282.4	16.5%	8.2
Long-term loans payable	615.8	43.8%	701.7	40.9%	85.8
CP	364.0	25.9%	416.0	24.3%	52.0
Bonds	139.7	9.9%	174.7	10.2%	35.0
Securitized receivables*	13.1	0.9%	139.4	8.1%	126.3
Total fundraising	1,406.9	100.0%	1,714.9	100.0%	308.0

* All on-balance-sheet transactions



simultaneously expanding our investor base. While working to reduce fundraising costs and hence support sales activities, we increased fixed-interest fundraising as a means of avoiding excessive exposure to interest volatility risk. We also implemented measures to manage risks stemming from possible future changes in interest rate conditions. At overseas subsidiaries, we were able to carry out stable fundraising from local banks and the local branches of Japanese banks to meet both working capital and equipment investment requirements, underpinned by the high level of creditworthiness enjoyed by the JACCS Group. Fundraising capabilities were bolstered by ALM support provided by the parent Company to overseas subsidiaries.

Based on trends in monetary easing policies pursued by the Bank of Japan and other central banks globally, we believe that in the short and medium term, fundraising interest rates are likely to remain at low levels. However, while closely monitoring changes in the financial environment, we will pursue flexible, optimal fundraising.

* Issued in April 2019

Improvement in ROE

In the fiscal year ended March 31, 2019, ROE increased 0.5 percentage point compared with the previous fiscal year, to 6.0%. Expenses related to doubtful accounts increased as the balance of operating receivables rose, driven by an expansion in the volume of new contracts. From a financial perspective, we are also striving to increase top-line revenue and overhaul our cost structure with the aim of raising profit margins, and focused on raising funds at low interest rates. The promotion of cost structure reforms together with enhancements in productivity enabled the Group to restrain increases in other SG&A expenses, and led to an improvement in ROE.

Under our three-year medium-term business plan, RAISE 2020, improvement of ROE is one of our quantitative targets. JACCS maintains a policy of seeking to enhance ROE through earnings growth. We are working to realize improvements in productivity—one of our core policies under RAISE 2020—and hence increase ROE.

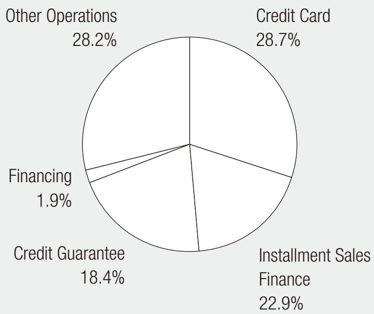
Shareholder Return

JACCS recognizes the maintenance of stable shareholder return as an important management task. At the same time, the Company also recognizes the need to align shareholder return with business performance. Based on this thinking, the Company's fundamental policy on distribution of profits is to strengthen its financial base and maintain internal reserves while taking into account a comprehensive range of factors when making decisions on dividend payments. Such factors include net income performance, the Company's financial position, and the payout ratio. Under RAISE 2020, which was launched in April 2018, the Company has set an approximate dividend payout ratio target of 30%, and we are striving to achieve stable shareholder return.

FINANCIAL INFORMATION

MANAGEMENT’S DISCUSSION AND ANALYSIS

Composition of Total Volume of New Contracts (%)



Analysis of Operating Performance

Overview

In the fiscal year ended March 31, 2019, the JACCS Group commenced implementation of its three-year medium-term business plan, “RAISE 2020.” The Group worked toward the realization of its medium-term management vision of becoming “an innovative consumer finance company that wins the loyalty of customers, with operations focused on Japan and Southeast Asia,” based on the following three core policies: Pursue sustainable growth in domestic businesses; accelerate growth in overseas business; and enhance productivity while strengthening the Group’s platform for growth. In Japan, by continuing its program of IT investment and working to enhance convenience for customers and alliance partners, the Group achieved significant growth in its credit business. In the credit card business, the total number of members and the number of active cardholders steadily increased. In the financing business, the volume of new contracts for housing loan guarantees and personal loan guarantees for financial institutions increased substantially. At its customer center, the Company introduced a question-answering support system that utilizes AI technology. This initiative is aimed at further raising the quality level of its service as well as bolstering operational efficiency. In its overseas operations, the Group made the decision in March 2019 to convert MMPC Auto Financial Services

Volume of New Contracts Mapping Table (Non-Consolidated)

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

Operating Revenue Mapping Table (Non-Consolidated)

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

Corporation (MAFS)—its equity-method affiliate in the Philippines—into a consolidated subsidiary. Through the steady execution of a range of such management strategies, the Group is pursuing further growth.

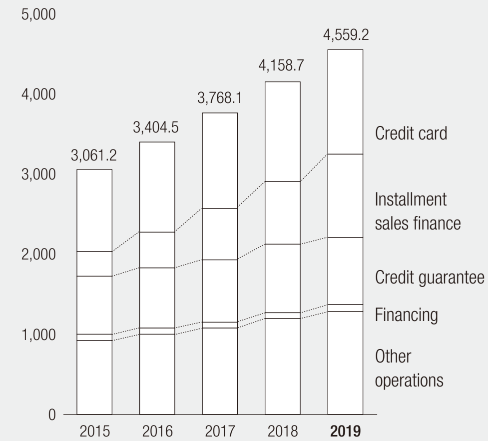
Overall Performance and Results by Business

On a consolidated basis, the total volume of new contracts amounted to ¥4,559,202 million (US$41,073 million), an increase of 9.6% compared with the previous fiscal year. This increase was driven by such factors as the aforementioned strong performance of the volume of new contracts in the credit business and financing business. Total operating revenue grew 8.8%, to ¥145,836 million (US$1,313 million).

Results by business segment were as outlined below. Previously, the Company presented its consolidated financial statements based on operating in a single reportable segment, “consumer credit.” However, accompanying the increase in materiality of the overseas business, from the fiscal year ended March 31, 2019, the Company has changed this presentation and now classifies its business into two reportable segments—“domestic” and “overseas.” Consequently, in this report operating results for the fiscal year ended March 31, 2018, are presented based on recalculation according to the new reportable segment classification.

Total Volume of New Contracts

(Billions of Yen)



Domestic Business

• Credit Card

In card shopping, the volume of new contracts and operating revenue increased, driven by the use of co-branded cards issued through alliances with large-scale consumer electronics stores and discount stores. With regard to several co-branded cards launched in the previous fiscal year, membership grew steadily and the volume of new contracts rose, underpinned by promotional campaigns aimed at increasing card usage.

In rent-related products, in addition to a continuation of stable business conducted with the Group’s main alliance partners, through an expansion of new partnerships the Company achieved a robust increase in the volume of new contracts.

As a result, on a consolidated basis, in the credit card business the volume of new contracts increased 4.8% compared with the previous fiscal year, to ¥1,306,907 million (US$11,773 million), and operating revenue rose 3.7%, to ¥33,337 million (US$300 million).

About the Five Business Segments

The four core businesses operated by JACCS that are introduced on pages 23–29 are classified according to the following five business segments for Japanese accounting and regulatory disclosure purposes.

Credit Card

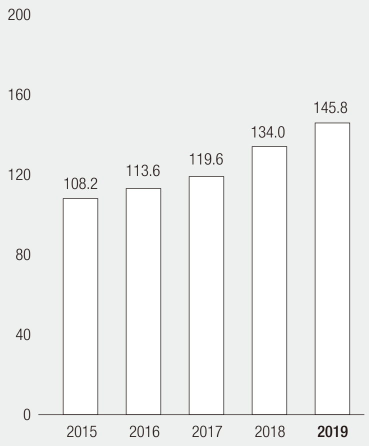
JACCS receives credit card applications from consumers, and issues cards after conducting a credit check. Card members may purchase goods and services at member stores using their credit card, and may choose from either the monthly clearance of account payment option or revolving credit. JACCS settles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

Installment Sales Finance

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

Total Operating Revenue

(Billions of Yen)



• Installment Sales Finance

In shopping credits, the volume of new contracts and operating revenue increased, driven by continuing robust performance in such major product categories as motorcycles and premium wristwatches, as well as an expansion in usage at house builders—a key target channel within this business—for home renovation loans and solar loans.

An enhancement of the convenience of Web-based credit applications also contributed to an increase in the volume of new contracts.

In auto loans, the imported-vehicle market performed strongly, underpinned by high-quality services provided to alliance partners and the effectiveness of a range of measures. In the used-vehicle market, the volume of new contracts and operating revenue increased, driven by efforts to strengthen the Group's relationships with major used-vehicle dealerships and the promotion of a range of other measures.

As a result, on a consolidated basis, the installment sales finance business recorded a 31.9% increase in the volume of new contracts, to ¥985,208 million (US$8,875 million). Operating revenue grew 19.3%, to ¥32,578 million (US$293 million).

• Credit Guarantee

Housing loan guarantees on condominiums for investment purposes recorded growth in the volume of new contracts and operating revenue, driven by such factors as expansion in market share at existing alliance partners based on the launch of new products, and an increase in new partnerships.

Within personal loan guarantees for financial institutions, the volume of new contracts and operating revenues increased. This was attributable to such factors as a promotional campaign executed by MUFG Bank, Ltd., for its major Web-based auto loan product, and the Company's efforts to propose products that meet the needs of regional banks and other financial institutions.

However, the overall volume of new contracts in the credit guarantee business declined owing to the transfer of certain products to the installment sales finance business.

As a result, on a consolidated basis, the credit guarantee business recorded a 2.2% decrease in the volume of new contracts, to ¥837,565 million (US$7,545 million). Operating revenue fell 1.9%, to ¥40,767 million (US$367 million).

• Financing

Although cash advances remained on a declining trend, other lending expanded, leading to an increase in the volume of new contracts. Operating revenue decreased, reflecting the impact of a decline in the balance of cash advances.

Credit Guarantee

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

Financing

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

Other Operations

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

As a result, on a consolidated basis, the financing business recorded a 15.4% increase in the volume of new contracts, to ¥82,954 million (US$747 million). Operating revenue decreased 3.0%, to ¥9,711 million (US$87 million).

• Other Operations

In bill collection services, the volume of new contracts rose, particularly centering on such regular monthly payment categories as rent collection and fitness club membership fees. The volume of new contracts and operating revenue increased, driven by the execution of promotional campaigns with new alliance partners, and an expansion in the number of companies offering account direct debit services using mobile devices.

Leasing operations achieved an increase in the volume of new contracts, driven by business alliance operations with vehicle leasing organizations.

As a result, on a consolidated basis, other operations posted an 7.1% increase in the volume of new contracts, to ¥1,273,575 million (US$11,473 million). Operating revenue* increased 13.4%, to ¥13,840 million (US$124 million).

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

As a result, the volume of new contracts in the domestic business segment as a whole increased 9.1% compared with the previous fiscal year, to ¥4,486,212 million (US$40,416 million), and operating revenue grew 5.7%, to ¥130,236 million (US$1,173 million). Segment income amounted to ¥14,062 million (US$126 million), an increase of 19.5% compared with the previous fiscal year.

Overseas Business

• Installment Sales Finance

In Vietnam, the volume of new contracts increased after a recovery in the third quarter. This reflected efforts to execute a range of programs and strengthen the Group's sales structure in the core product area of motorcycle loans, against a backdrop of intensifying competition. In Indonesia, the volume of new contracts and operating revenue increased, driven by the implementation of a range of measures and robust performance by the volume of motorcycle and automobile loans. In Cambodia, the Group launched full-fledged operations in March 2018. The volume of new contracts increased steadily, underpinned by efforts to reinforce the sales structure and a strategy aimed at expanding the number of member stores handling motorcycle loans.

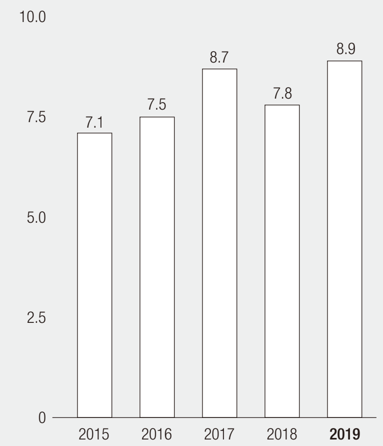
• Other Operations

In unsecured personal loan operations and credit card operations in Vietnam aimed at existing customers, the volume of new contracts and operating revenue increased, driven by the execution of a range of programs. In lease operations carried out in Indonesia, the volume of new contracts and operating revenue increased, centering on existing customers.

As a result, the volume of new contracts in the overseas business segment as a whole increased 55.6% compared with the previous fiscal year, to ¥72,990 million (US$657 million), and operating revenue grew 44.1%, to ¥15,600 million (US$140 million). Segment income amounted to ¥1,545 million (US$13 million), an increase of 53.3% compared with the previous fiscal year.

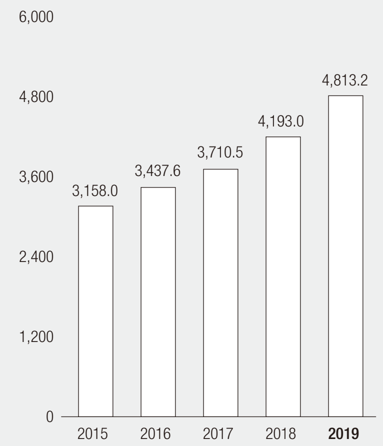
Net Income Attributable to Owners of the Parent

(Billions of Yen)



Total Assets

(Billions of Yen)



Volume of New Contracts by Business

Reportable segment	Business type	Millions of Yen					Millions of U.S. Dollars
		2019		2018		YoY change (%)	2019
		Amount	Ratio	Amount	Ratio		Amount
Domestic	Credit Card	¥1,306,907	29.1%	¥1,247,033	30.3%	4.8%	$11,773
	Installment Sales Finance	985,208	22.0%	746,738	18.2%	31.9%	8,875
	Credit Guarantee	837,565	18.7%	856,716	20.8%	(2.2)%	7,545
	Financing	82,954	1.8%	71,913	1.8%	15.4%	747
	Other Operations	1,273,575	28.4%	1,189,393	28.9%	7.1%	11,473
	Total	¥4,486,212	100.0%	¥4,111,795	100.0%	9.1%	$40,416
Overseas	Installment Sales Finance	¥ 56,680	77.7%	¥ 36,256	77.3%	56.3%	$510
	Other	16,309	22.3%	10,648	22.7%	53.2%	146
	Total	¥ 72,990	100.0%	¥ 46,905	100.0%	55.6%	$ 657
Total		¥4,559,202	—	¥4,158,700	—	9.6%	$41,073

Operating Revenue by Business

Reportable segment	Business type	Millions of Yen					Millions of U.S. Dollars
		2019		2018		YoY change (%)	2019
		Amount	Ratio	Amount	Ratio		Amount
Domestic	Credit Card	¥ 33,337	25.6%	¥ 32,142	26.1%	3.7%	$ 300
	Installment Sales Finance	32,578	25.0%	27,308	22.2%	19.3%	293
	Credit Guarantee	40,767	31.3%	41,552	33.7%	(1.9)%	367
	Financing	9,711	7.5%	10,015	8.1%	(3.0)%	87
	Other Operations	13,339	10.2%	11,745	9.5%	13.6%	120
	Financial Revenue	501	0.4%	460	0.4%	8.9%	4
	Total	¥130,236	100.0%	¥123,224	100.0%	5.7%	$1,173
Overseas	Installment Sales Finance	¥ 11,361	72.8%	¥ 8,011	74.0%	41.8%	$ 102
	Other	4,238	27.2%	2,815	26.0%	50.5%	38
	Total	¥ 15,600	100.0%	¥ 10,826	100.0%	44.1%	$ 140
Total		¥145,836	—	¥134,051	—	8.8%	$1,313

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

Segment Income

Reportable segment	Millions of Yen				Millions of U.S. Dollars	
	2019		2018		2019	
	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas
Operating income	¥14,062	¥1,587	¥11,770	¥1,030	$126	$14
Equity in earnings (losses) of affiliated companies	—	(42)	—	(22)	—	(0)
Total	¥14,062	¥1,545	¥11,770	¥1,007	$126	$13

Operating Expenses and Net Income Attributable to Owners of the Parent

Total operating expenses increased 8.3%, compared with the previous fiscal year, to ¥131,466 million (US$1,184 million). This reflects increases in expenses related to doubtful accounts accompanying an expansion in the aggregate balance of operating receivables, and financial expenses owing to the impact of depreciation in the value of the Indonesian rupiah.

Ordinary income grew 13.5% compared with the previous fiscal year, to ¥14,448 million (US$130 million).

Income before income taxes were up 9.5% compared with the previous fiscal year, to ¥13,781 million (US$124 million).

Net income attributable to owners of the parent increased 13.9% compared with the previous fiscal year, to ¥8,955 million (US$80 million).

Net income per share (basic) amounted to ¥260.13 (US$2.34), compared with ¥227.32 in the previous fiscal year. The Company implemented cash dividends totaling ¥80.00 (US$0.72) per share applicable to the fiscal year under review.

Analysis of Financial Position

Fund Procurement

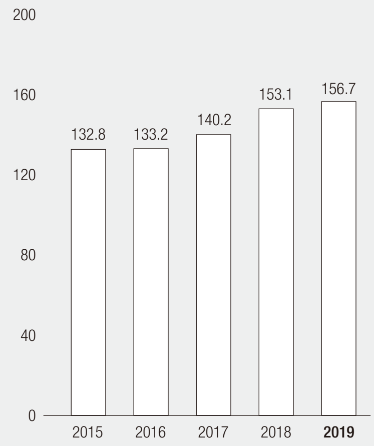
To secure a stable supply of funds necessary for the maintenance and expansion of its business activities, the Group undertakes a wide range of fund procurement. This includes borrowings from financial institutions centering on its main bank, corporate bonds, issuance of commercial paper, and securitization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

The Company procures interest-bearing debt based on the collection period of shopping credit receivables, which are the Group's main operating assets. The balance of interest-bearing debt at the end of the fiscal year under review was ¥1,787,802 million (US$16,106 million). The Company works to reduce its fund procurement costs while procuring approximately half of the funds at fixed interest rates as a means of reducing exposure to interest rate volatility risk. Long-term bonds and commercial paper issued by the Group receives credit ratings from Japan Credit Rating Agency, Ltd. (JCR), and Rating & Investment Information, Inc. (R&I). (Please refer to the figure on the right.) The Company has arranged commitment lines with domestic financial institutions amounting to a total of ¥100 billion (US$900 million), which is able to complement the

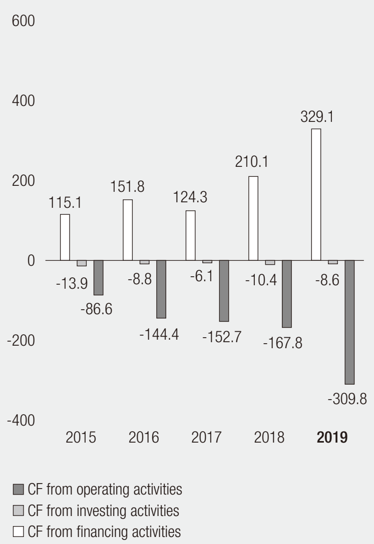
Credit Rating

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

Total Net Assets
(Billions of Yen)



Cash Flows
(Billions of Yen)



Group's liquidity. Overseas subsidiaries carry out fund procurement through the local subsidiaries of Japanese banks and other institutions, for both working capital and facility and equipment funds.

Financial Position

Total assets at March 31, 2019, amounted to ¥4,813,284 million (US$43,362 million), an increase of ¥620,226 million (US$5,587 million), or 14.8%, compared with the previous fiscal year-end.

Total current assets increased ¥618,799 million (US$5,574 million), to ¥4,735,801 million (US$42,664 million). This was attributable to increases in such items as finance receivable-installment, finance receivable-installment sales-credit guarantee, lease investment assets, and other receivable.

Total noncurrent assets increased ¥1,426 million (US$12 million) compared with the previous fiscal year-end, to ¥77,482 million (US$698 million). This reflected decreases in investment securities and software, and increases in other property, plant and equipment, and other investments and other assets.

Total current liabilities at March 31, 2019, amounted to ¥3,813,110 million (US$34,352 million), an increase of ¥462,705 million (US$4,168 million) compared with the previous fiscal year-end, reflecting increases in finance payable-credit guarantee, current portion of long-term loans payable, notes and accounts payable, and deferred income on finance receivables.

Total noncurrent liabilities at fiscal year-end increased ¥153,905 million (US$1,386 million), to ¥843,435 million (US$7,598 million). This reflected increases in such items as long-term loans payable and bonds payable.

Total net assets increased ¥3, 614 million (US$32 million), to ¥156,738 million (US$1,412 million). This reflected decreases in foreign currency translation adjustment and unrealized gains on available-for-sale securities, and an increase in retained earnings. The equity ratio decreased 0.4 percentage point, to 3.1%. Net assets per share amounted to ¥4,388.98 (US$39.54) at fiscal year-end, compared with ¥4,242.44 at the previous fiscal year-end.

Cash Flows

Cash and cash equivalents at end of year totaled ¥91,064 million (US$820 million), an increase of ¥9, 642 million (US$86 million) compared with the previous fiscal year-end.

Net cash used in operating activities amounted to ¥309,890 million (US$2,791 million), compared with ¥167,815 million used in the previous fiscal year. Significant items included increase in finance and accounts payable of ¥251,652 million (US$2,267 million), increase in deferred income on finance receivables of ¥28,852 million (US$259 million), income before income taxes of ¥13,781 million (US$124 million), and increase in finance receivable of ¥604,646 million (US$5,447 million).

Net cash used in investing activities amounted to ¥8,644 million (US$77 million), compared with ¥10,464 million used in the previous fiscal year. Significant items included purchase of property, plant and equipment and intangible assets of ¥8,578 million (US$77 million).

Net cash provided by financing activities amounted to ¥329,161 million (US$2,965 million), compared with ¥210,159 million provided by in the previous fiscal year. Significant items included proceeds from long-term loans payable of ¥378,962 million (US$3,414 million), net increase in commercial papers of ¥52,000 million (US$468 million), proceeds from issuance of bonds of ¥50,000 million (US$450 million), repayment of long-term loans payable of ¥143,020 million (US$1,288 million), and redemption of bonds of ¥15,000 million (US$135 million).

BUSINESS RISKS

The presence of the risks summarized below may affect the operating performance of the JACCS Group.

The business risks outlined below are based on information available to the Group as of the filing date of the Company's financial results for the fiscal year ended March 31, 2019, and include information regarding major potential business risks envisaged by the Group. However, this summary of risks does not cover all possible risks, and there is the possibility that new risks may occur owing to a variety of contingent factors, including changes in the future economic situation or the industry's operating environment.

For further details regarding business risks, please visit the JACCS website.
https://www.jaccs.co.jp/en/corporate/ir/management/lisk.html

Credit risk

• Risk of increase in allowance for doubtful accounts

The Company anticipates that allowance for doubtful accounts will increase as the total amount of receivables grows and a certain percentage of receivables falls into arrears. There is the possibility that the Company may increase its provision of allowance for doubtful accounts in response to such unavoidable factors as economic trends and an increase in personal bankruptcy filings.

• Member store risk

There is the possibility that member stores may fall into bankruptcy owing to deterioration in financial soundness, and that such stores may cease the provision of services or the delivery of goods to the Company's customers. There is also the possibility that member stores may conduct inappropriate sales. In such cases, the Company may suspend invoices to customers or return prepaid funds. In such circumstances, the Company may have difficulties recovering claims.

Market-related risk

• Risk of increase in funding interest rates

In the event of a change in financial conditions or the Group's operating performance were to deteriorate and its credit ratings and creditworthiness were downgraded, it would be forced to raise funds at higher interest rates than normal. Under such circumstances, the Company may face higher funding costs from capital markets and financial institutions.

• Risk of decline in prices of investment securities

There is the possibility that the Company may record valuation losses on the Group's holdings of investment securities and tangible fixed assets owing to declines in market prices or impairment of investment value.

Administrative risk

In the event that an accident or fraud were to occur stemming from a failure to carry out correct administrative processing, depending on the nature and scale of such an occurrence, it may affect the trust of the Group's customers or member store businesses. In such a case, the Company may face liability for damages and a loss of public credibility.

System risk

In the case that a malfunction or outage occurs in the core computer system, operations may be suspended and in such cases there is the possibility of disruption to customer services. Furthermore, in the case that an information leak occurred, it may adversely affect the trust placed in the Group.

Cybersecurity risk

Owing to such contingencies as cyberattacks on computer systems from external sources, other unauthorized access, or virus infection, there is the possibility that information leaks may occur, and the system may experience service outages or malfunctions. In such cases, operations may be suspended, the Company may be liable for compensation for damages resulting from suspension of operations, and there may be a negative impact on trust placed in the Group.

Compliance risk

The Group operates businesses that require registration with, or licenses from, the relevant authorities pursuant to various laws and regulations.
In the event that the Group engaged in activity that was in violation of laws or regulations, such as the Installment Sales Law, the Specified Commercial Transactions Law, the Money Lender Business Law, the Fund Settlement Law, or the Criminal Proceeds Transfer Prevention Act, the Group may be subject to punishment by relevant authorities pursuant to laws and regulations (business improvement order, partial or full business suspension order, revocation of registration, etc.).

Information-related risk

In the event of a leak or loss of personal information from the Group or its outside contractors, or the fraudulent use of such information, the Group may face a loss of credibility and liability for damages, which may affect the Company's operating performance. In addition, if the Company were to commit a legal violation as a business operator that handles personal information, it may be subject to administrative measures, including recommendations and orders.

Related-company risk

The Group comprises the Company and its eight affiliates (seven consolidated subsidiaries and one equity-method affiliate) (as of March 31, 2019). There is the possibility that business risks relating to its affiliates may materialize on a large scale.

Overseas business risk

The Group is working to expand its business in overseas markets, centering on Southeast Asia. Engaging in overseas business operations carries a range of inherent risks. For example, unlike in Japan, there may be unforeseen changes in laws or regulations, there is the risk of political or economic turmoil, and there is exchange rate fluctuation risk. If such risks were to materialize, it may affect the Group's operating performance.

CONSOLIDATED BALANCE SHEETS

JACCS CO., LTD. and Consolidated Subsidiaries

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
ASSETS			
Current assets:			
Cash and deposits (Notes 16 and 17)	¥ 91,103	¥ 81,476	$ 820
Finance receivable-installment (Notes 5, 6 and 17)	2,012,053	1,650,453	18,126
Finance receivable-installment sales-credit guarantee (Note 17)	2,470,350	2,253,808	22,255
Lease investment assets (Notes 5 and 17)	122,795	103,425	1,106
Prepaid expenses	4,306	2,776	38
Advances paid	28,164	24,716	253
Other receivable	23,937	13,623	215
Other	15,517	10,261	139
Allowance for doubtful accounts	(32,426)	(23,539)	(292)
Total current assets	4,735,801	4,117,001	42,664
Noncurrent assets:			
Property, plant and equipment:			
Buildings and structures	9,118	9,088	82
Land	14,986	14,986	135
Other	10,341	8,168	93
Total	34,447	32,243	310
Less accumulated depreciation	(11,231)	(10,354)	(101)
Total property, plant and equipment	23,215	21,888	209
Investments and other assets:			
Investment securities (Notes 17 and 18)	16,244	17,074	146
Investments in unconsolidated subsidiaries and affiliated companies	240	305	2
Bad debts	1,591	1,517	14
Long-term prepaid expenses	459	342	4
Intangible assets	22,709	23,558	204
Goodwill	763	1,104	6
Deferred tax assets (Note 22)	3,079	2,599	27
Guarantee deposits	1,722	1,737	15
Assets for retirement benefits (Note 20)	4,963	4,671	44
Other	3,534	2,314	31
Allowance for doubtful accounts	(1,043)	(1,058)	(9)
Total investments and other assets	54,266	54,167	488
Total noncurrent assets	77,482	76,056	698
Total assets	¥4,813,284	¥4,193,058	$43,362

The accompanying notes are an integral part of these statements.

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
LIABILITIES			
Current liabilities:			
Notes and accounts payable	¥ 128,632	¥ 93,569	$ 1,158
Finance payable-credit guarantee	2,470,350	2,253,808	22,255
Short-term loans payable (Notes 5, 8 and 17)	295,796	286,958	2,664
Current portion of bonds payable (Notes 5, 8 and 17)	12,308	15,000	110
Current portion of long-term loans payable (Notes 5, 8 and 17)	224,076	106,972	2,018
Commercial papers (Notes 8 and 17)	416,000	364,000	3,747
Other payable	3,571	3,729	32
Accrued expenses (Note 5)	1,932	1,669	17
Income taxes payable	2,511	2,325	22
Deposits received	70,322	66,404	633
Unearned revenue	554	394	4
Allowance for bonuses	2,757	2,544	24
Allowance for credit card point program	3,443	3,753	31
Deferred income on finance receivables (Note 7)	162,097	134,296	1,460
Other	18,754	14,977	168
Total current liabilities	3,813,110	3,350,404	34,352
Noncurrent liabilities:			
Bonds payable (Notes 5, 8 and 17)	164,789	127,267	1,484
Long-term loans payable (Notes 5, 8 and 17)	674,831	558,320	6,079
Allowance for directors' retirement benefits	2	3	0
Allowance for loss on interest repayment	875	1,031	7
Liabilities for retirement benefits (Note 20)	87	58	0
Long-term guarantee deposited	2,086	2,150	18
Other	761	698	6
Total noncurrent liabilities	843,435	689,529	7,598
Total liabilities	4,656,545	4,039,934	41,950
NET ASSETS			
Shareholders' equity: (Notes 14 and 15)			
Capital stock Authorized 78,910,000 shares as of March 31, 2019 and 78,910,000 shares as of March 31, 2018 Issued 35,079,161 shares as of March 31, 2019 and 35,079,161 shares as of March 31, 2018	16,138	16,138	145
Capital surplus	30,543	30,533	275
Retained earnings	102,047	95,858	919
Treasury stock 712,273 shares as of March 31, 2019 and 454,248 shares as of March 31, 2018	(1,643)	(1,014)	(14)
Total shareholders' equity	147,086	141,515	1,325
Accumulated other comprehensive income:			
Unrealized gains (losses) on available-for-sale securities	5,295	5,973	47
Deferred gains (losses) on hedges	46	50	0
Foreign currency translation adjustment	(1,115)	(92)	(10)
Remeasurements of defined benefit plans	(477)	(553)	(4)
Total accumulated other comprehensive income	3,748	5,378	33
Subscription rights to shares (Notes 15 and 21)	275	266	2
Non-controlling interest	5,627	5,963	50
Total net assets	156,738	153,123	1,412
Total liabilities and net assets	¥4,813,284	¥4,193,058	$43,362

CONSOLIDATED STATEMENTS OF INCOME

JACCS CO., LTD. and Consolidated Subsidiaries

Years ended March 31	Millions of Yen 2019	Millions of Yen 2018	Millions of U.S. Dollars 2019
Operating revenue:			
Revenue from credit card business	¥ 33,337	¥ 32,142	$ 300
Revenue from installment sales finance business	43,939	35,319	395
Revenue from credit guarantee	40,767	41,552	367
Financing revenue	10,467	10,639	94
Other operating revenue	16,809	13,882	151
Financial revenue:			
Interest income	31	55	0
Dividends income	484	430	4
Other financial revenue	0	29	0
Total financial revenue	515	516	4
Total operating revenue	145,836	134,051	1,313
Operating expenses:			
Selling, general and administrative expenses	118,496	111,311	1,067
Financial expenses:			
Interest on loans	9,175	7,305	82
Interest on commercial papers	236	225	2
Other financial expenses	3,557	2,529	32
Total financial expenses	12,969	10,060	116
Total operating expenses	131,466	121,371	1,184
Operating income	14,370	12,679	129
Non-operating income:			
Miscellaneous income	133	80	1
Gain on sales of investment securities	14	389	0
Total non-operating income	148	469	1
Non-operating expenses:			
Equity in loss of affiliated companies	42	22	0
Miscellaneous loss	13	3	0
Loss on retirement of non-current assets	471	108	4
Loss on sales of investment securities	24	—	0
Loss on valuation of investment securities	1	60	0
Impairment loss (Note 12)	183	—	1
Loss on step acquisition	—	370	—
Total non-operating expenses	737	564	6
Income before income taxes	13,781	12,584	124
Income taxes-current	4,990	5,207	44
Income taxes-deferred	(342)	(718)	(3)
Total income taxes	4,647	4,488	41
Net income	9,134	8,095	82
Net income attributable to non-controlling interests	178	235	1
Net income attributable to owners of the parent	¥ 8,955	¥ 7,859	$ 80

	Yen 2019	Yen 2018	U.S. Dollars 2019
Per share data (Note 26)			
Net assets	¥4,388.98	¥4,242.44	$39
Net income—basic	260.13	227.32	2
Net income—diluted	258.79	226.22	2
Cash dividends—interim*	40	8	0.36
Cash dividends—year end*	40	40	0.36

The accompanying notes are an integral part of these statements.

*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. For the year ended March 31, 2018, the interim cash dividends were declared before the reverse stock split and the year end cash dividends were made after the reverse stock split.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

JACCS CO., LTD. and Consolidated Subsidiaries

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Net income	¥ 9,134	¥8,095	$ 82
Other comprehensive income: (Note 13)			
Unrealized gains (losses) on available-for-sale securities	(677)	582	(6)
Deferred gains (losses) on hedges	(7)	54	(0)
Foreign currency translation adjustment	(1,514)	(165)	(13)
Remeasurements of defined benefit plans, net of tax	79	461	0
Share of other comprehensive income of affiliated company accounted for using equity method	(21)	489	(0)
Total other comprehensive income	(2,142)	1,422	(19)
Comprehensive income	¥ 6,991	¥9,518	62
Comprehensive income attributable to:			
Owners of the parent	¥ 7,326	¥9,323	$ 66
Non-controlling interests	(334)	195	(3)

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

JACCS CO., LTD. and Consolidated Subsidiaries

	Millions of Yen				
	Shareholders' equity				
Year ended March 31, 2019	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at beginning of year	¥16,138	¥30,533	¥95,858	¥(1,014)	¥141,515
Changes during the consolidated fiscal year					
Dividends from surplus	—	—	(2,766)	—	(2,766)
Net income attributable to owners of the parent	—	—	8,955	—	8,955
Purchase of treasury stock	—	—	—	(848)	(848)
Disposal of treasury stock	—	(5)	—	220	215
Other	—	15	—	—	15
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the consolidated fiscal year	—	10	6,188	(628)	5,570
Balance as of March 31, 2019	¥16,138	¥30,543	¥102,047	¥(1,643)	¥147,086

	Millions of Yen							
	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Net assets
Year ended March 31, 2019	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance at beginning of year	¥5,973	¥50	¥ (92)	¥(553)	¥ 5,378	¥266	¥5,963	¥153,123
Changes during the consolidated fiscal year								
Dividends from surplus	—	—	—	—	—	—	—	(2,766)
Net income attributable to owners of the parent	—	—	—	—	—	—	—	8,955
Purchase of treasury stock	—	—	—	—	—	—	—	(848)
Disposal of treasury stock	—	—	—	—	—	—	—	215
Other	—	—	—	—	—	—	—	15
Net changes of items other than shareholders' equity	(677)	(4)	(1,022)	75	(1,629)	9	(335)	(1,955)
Total changes during the consolidated fiscal year	(677)	(4)	(1,022)	75	(1,629)	9	(335)	3,614
Balance as of March 31, 2019	¥5,295	¥46	¥(1,115)	¥(477)	¥ 3,748	¥275	¥5,627	¥156,738

	Millions of Yen				
	Shareholders' equity				
Year ended March 31, 2018	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at beginning of year	¥16,138	¥30,515	¥90,676	¥(1,214)	¥136,115
Changes during the consolidated fiscal year					
Dividends from surplus	—	—	(2,678)	—	(2,678)
Net income attributable to owners of the parent	—	—	7,859	—	7,859
Purchase of treasury stock	—	—	—	(4)	(4)
Disposal of treasury stock	—	18	—	204	222
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the consolidated fiscal year	—	18	5,181	199	5,400
Balance as of March 31, 2018	¥16,138	¥30,533	¥95,858	¥(1,014)	¥141,515

Year ended March 31, 2018	Millions of Yen							
	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance at beginning of year	¥5,390	¥(309)	¥ (7)	¥(1,118)	¥3,955	¥216	¥ —	¥140,287
Changes during the consolidated fiscal year								
Dividends from surplus	—	—	—	—	—	—	—	(2,678)
Net income attributable to owners of the parent	—	—	—	—	—	—	—	7,859
Purchase of treasury stock	—	—	—	—	—	—	—	(4)
Disposal of treasury stock	—	—	—	—	—	—	—	222
Net changes of items other than shareholders' equity	582	360	(85)	565	1,422	49	5,963	7,435
Total changes during the consolidated fiscal year	582	360	(85)	565	1,422	49	5,963	12,836
Balance as of March 31, 2018	¥5,973	¥ 50	¥(92)	¥ (553)	¥5,378	¥266	¥5,963	¥153,123

Year ended March 31, 2019	Millions of U.S. Dollars				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at beginning of year	$145	$275	$863	$(9)	$1,274
Changes during the consolidated fiscal year					
Dividends from surplus	—	—	(24)	—	(24)
Net income attributable to owners of the parent	—	—	80	—	80
Purchase of treasury stock	—	—	—	(7)	(7)
Disposal of treasury stock	—	(0)	—	1	1
Other	—	0	—	—	0
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the consolidated fiscal year	—	0	55	(5)	50
Balance as of March 31, 2019	$145	$275	$919	$(14)	$1,325

Year ended March 31, 2019	Millions of U.S. Dollars							
	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance at beginning of year	$53	$0	$(0)	$(4)	$48	$2	$53	$1,379
Changes during the consolidated fiscal year								
Dividends from surplus	—	—	—	—	—	—	—	(24)
Net income attributable to owners of the parent	—	—	—	—	—	—	—	80
Purchase of treasury stock	—	—	—	—	—	—	—	(7)
Disposal of treasury stock	—	—	—	—	—	—	—	1
Other	—	—	—	—	—	—	—	0
Net changes of items other than shareholders' equity	(6)	(0)	(9)	0	(14)	0	(3)	(17)
Total changes during the consolidated fiscal year	(6)	(0)	(9)	0	(14)	0	(3)	32
Balance as of March 31, 2019	$47	$0	$(10)	$(4)	$33	$2	$50	$1,412

CONSOLIDATED STATEMENTS OF CASH FLOWS

JACCS CO., LTD. and Consolidated Subsidiaries

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Cash flows from operating activities:			
Income before income taxes	¥ 13,781	¥ 12,584	$ 124
Depreciation and amortization	9,741	9,352	87
Amortization of goodwill	239	192	2
Increase (decrease) in allowance for doubtful accounts	8,993	5,009	81
Increase (decrease) in allowance for bonuses	215	(26)	1
Increase (decrease) in allowance for credit card point programs	(310)	(385)	(2)
Decrease (increase) in asset for retirement benefits	(190)	29	(1)
Increase (decrease) in liabilities for retirement benefits	34	(112)	0
Increase (decrease) in allowance for loss on interest repayment	(155)	(215)	(1)
Interest and dividends income	(515)	(486)	(4)
Interest expenses	10,526	8,870	94
Foreign exchange losses (gains)	864	(29)	7
Loss on retirement of property, plant and equipment and intangible assets	471	108	4
Loss (gain) on sales of investment securities	9	(389)	0
Loss (gain) on valuation of investment securities	1	60	0
Impairment loss	183	—	1
Equity in losses (earnings) of affiliates	42	22	0
Loss (gain) on step acquisition	—	370	—
Decrease (increase) in finance receivable	(604,646)	(399,467)	(5,447)
Decrease (increase) in other receivable	(10,335)	(7,151)	(93)
Increase (decrease) in finance and accounts payable	251,652	194,123	2,267
Increase (decrease) in deferred income on finance receivables	28,852	14,246	259
Decrease (increase) in other assets	(12,842)	414	(115)
Increase (decrease) in other liabilities	8,057	10,507	72
Subtotal	(295,328)	(152,371)	(2,660)
Interest and dividends income received	483	486	4
Interest expenses paid	(10,235)	(8,650)	(92)
Income taxes paid	(4,809)	(7,280)	(43)
Net cash provided by (used in) operating activities	(309,890)	(167,815)	(2,791)
Cash flows from investing activities:			
Purchase of property, plant and equipment and intangible assets	(8,578)	(7,514)	(77)
Purchase of investment securities	(400)	—	(3)
Proceeds from sales of investment securities	353	715	3
Payments for guarantee deposits	(102)	(377)	(0)
Proceeds from collection of guarantee deposits	79	460	0
Net decrease (increase) in short-term loans receivable	0	(0)	0
Payments of loans receivable	(17)	(15)	(0)
Collection of loans receivable	19	19	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(3,750)	—
Net cash provided by (used in) investing activities	(8,644)	(10,464)	(77)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	9,619	39,347	86
Net increase (decrease) in commercial papers	52,000	43,000	468
Proceeds from long-term loans payable	378,962	207,343	3,414
Repayment of long-term loans payable	(143,020)	(92,071)	(1,288)
Proceeds from issuance of bonds	50,000	35,000	450
Redemption of bonds	(15,000)	(20,000)	(135)
Proceeds from sales of treasury stock	215	222	1
Purchase of treasury stock	(848)	(4)	(7)
Cash dividends paid	(2,766)	(2,678)	(24)
Net cash provided by (used in) financing activities	329,161	210,159	2,965
Effect of exchange rate change on cash and cash equivalents	(983)	14	(8)
Net increase (decrease) in cash and cash equivalents	9,642	31,893	86
Cash and cash equivalents at beginning of year	81,421	49,527	733
Cash and cash equivalents at end of year (Note 16)	¥ 91,064	¥ 81,421	$ 820

The accompanying notes are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JACCS CO., LTD. and Consolidated Subsidiaries

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of JACCS Co., Ltd. and its consolidated subsidiaries ("the Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements. Figures in these consolidated financial statements are rounded down to the nearest millions of yen. As a result, the totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2019, which was ¥111 to U.S.$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange. Translated amounts in U.S. dollars in these consolidated financial statements are also rounded down to the nearest million of U.S. dollars. As a result, the totals shown in U.S. dollars do not necessarily agree with the sum of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Scope of Consolidation

The accompanying consolidated financial statements include the accounts of JACCS Co., Ltd. and its significant subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation. The consolidated financial statements include the accounts of JACCS Co., Ltd. and 7 subsidiaries in the year ended March 31, 2019 and in the year ended March 31, 2018, respectively.

Investments in a significant affiliate are accounted for by the equity method. Investments in an insignificant non-consolidated subsidiary not accounted for by the equity method are carried at cost.

1. Number of consolidated subsidiaries: 7
   JACCS Loan-Collection Service Co., Ltd.
   JACCS Total Service Co., Ltd.
   JACCS Lease Co., Ltd.
   JACCS Payment Solutions Co., Ltd.
   JACCS International Vietnam Finance Co., Ltd.
   PT Mitra Pinasthika Mustika Finance
   JACCS FINANCE (CAMBODIA) PLC.
2. Name of non-consolidated subsidiary
   Not applicable as of March 31, 2019
   JACCS INTERNATIONAL (Hong Kong) Co., Ltd., which was presented as a non-consolidated subsidiary in the fiscal year ended March 31, 2018, completed liquidation during the fiscal year ended March 31, 2019.

(b) Application of the Equity Method

1. Number of equity-method affiliates: 1
   MMPC Auto Financial Services Corporation
2. Name of non-consolidated subsidiary not accounted for by the equity method
   Not applicable as of March 31, 2019
   JACCS INTERNATIONAL (Hong Kong) Co., Ltd., which was presented as a non-consolidated subsidiary not accounted for by the equity method in the fiscal year ended March 31, 2018, completed liquidation during the fiscal year ended March 31, 2019.
3. Matters of particular importance related to procedures for the application of the equity method
   Owing to the difference in fiscal year-end date of MMPC Auto Financial Services Corporation from the consolidated fiscal year-end, the financial statements of the company as of its own fiscal year-end date is used in preparing the consolidated financial statements.

(c) Fiscal Years of Consolidated Subsidiaries

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

(d) Financial Instruments

1. Securities

   Available-for-sale securities with fair market value readily available are stated at fair value as of the balance sheet date. The related valuation differences are directly included in net assets and the cost of available-for-sale securities sold is determined by the moving-average method. Available-for-sale securities without fair market value readily available are stated at the moving-average cost.

2. Derivatives

   Derivatives are stated at fair value.

(e) Property, Plant and Equipment (except for leased assets)

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

(f) Intangible Assets (except for leased assets)

Software for internal use is amortized over the estimated useful lives using the straight-line method (the maximum period being 5 years).

(g) Leased Assets

Leased assets related to finance leases without transferring ownership are depreciated over the lease period as useful life using the straight-line method with no residual value.

(h) Long-Term Prepaid Expense

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

(i) Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided for possible losses on the collection of receivables. The amount of the allowance for general receivables is based on the past write-off ratio and other factors. For certain receivables, such as the ones from debtors whose solvency is in doubt, the recoverability of each receivable is examined individually and the estimated unrecoverable amounts are recognized as the allowance.

(j) Allowance for Bonuses

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

(k) Allowance for Credit Card Point Program

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

(l) Allowance for Directors' Retirement Benefits

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

(m) Allowance for Loss on Interest Repayment

Allowance for loss on interest repayment is provided in order to prepare for requests for the repayment of interest on loans exceeding the Interest Rate Restriction Act in the future, in the amount deemed necessary based on an estimate of the future repayment amount in consideration of the actual past results and other factors.

(n) Employee Retirement Benefits

1. Method of period attribution for estimated retirement benefits

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

2. Methods for amortizing actuarial differences and past service costs

   Past service costs are amortized using the straight-line method over a certain number of years (5 years) within the average remaining service period of the employees as of the time such costs are incurred. Actuarial differences are amortized from the following fiscal year, using the straight-line method over a certain number of years (5 years) within the average remaining service period of employees at the time of incurrence of such differences.

(o) Recognition of Operating Revenues

1. Revenue from individual customers

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

• Revenue from credit card business:	remaining debt balance method
• Revenue from installment sales finance business:	remaining debt balance method
• Revenue from credit guarantee:	remaining debt balance method (in some cases, at the time of concluding the guarantee contract)
• Financing revenue:	remaining debt balance method

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

2. Commission from member stores

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

(p) Translation of Significant Assets and Liabilities Denominated in Foreign Currencies into Yen
Monetary assets and liabilities denominated in foreign currencies have been translated into yen at the exchange rates in effect at the fiscal year-end. The resulting exchange gain or loss is charged or credited to income. Assets and liabilities of the overseas subsidiary have been translated into yen at the exchange rates in effect as of the fiscal year-end of the subsidiary, and revenues and expenses of the overseas subsidiary have been translated into yen at the average rates prevailing during the period. The resulting translation differences are included in "foreign currency translation adjustment" in net assets.

(q) Significant Hedging Activities
1. Accounting for hedging activities
   In principle, the deferred hedge accounting method is applied.
   Interest rate swaps which qualify for exceptional treatments are accounted for according to the exceptional treatments.
2. Hedging instruments and hedged items
   Hedging instruments...........Derivatives transactions (interest rate swap and currency swap)
   Hedged items......................Loans payable
3. Hedging policy
   Derivatives transactions are utilized to reduce risks arising from interest rate and foreign exchange fluctuations in the future.
4. Assessment of the effectiveness of hedging activities
   The aggregate of changes in cash flows from the hedging instruments and the hedged items is compared quarterly, and evaluation of the effectiveness of hedging activities is made based on such comparison. With regard to interest rate swaps accounted for according to the exceptional treatments, assessment of the effectiveness is omitted.

(r) Method and Period for Amortization of Goodwill
Amortization of goodwill is carried out over five years using the straight-line method.

(s) Cash Equivalents
All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

(t) Consumption Taxes
Consumption taxes are excluded from each transaction amount. Consumption taxes paid at acquisition of noncurrent assets, which are not deducted on the consumption taxes calculation, are recorded as "Other" in investments and other assets and amortized equally over five years.

(Change in Presentation Method)
The Company adopted Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) from the beginning of the fiscal year ended March 31, 2019. The method of presentation was changed, whereby deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under noncurrent liabilities.

As a result, in the accompanying consolidated balance sheet as of March 31, 2018, deferred tax assets presented under current assets decreased by ¥5,480 million, deferred tax assets presented under investments and other assets increased by ¥2,446 million, and deferred tax liabilities presented under noncurrent liabilities decreased by ¥3,033 million, as compared to the amounts under the previous presentation method.

The deferred tax assets and deferred tax liabilities attributable to the same taxpaying entity are offset against each other and presented as a net amount. As a result, in the accompanying consolidated balance sheet as of March 31, 2018, total assets decreased by ¥3,033 million compared with the amount presented prior to this change in presentation method.

In addition, in Note 22, "Income Taxes", certain additional disclosures are provided for the fiscal year ended March 31, 2019, in accordance with the amendments adopted.

3. Accounting Standards Issued But Not Yet Adopted

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 30, 2018)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 30, 2018)

(a) Outline
The International Accounting Standards Board (IASB) and the United States Financial Accounting Standards Board (FASB) initiated a joint project to develop a comprehensive accounting standard for revenue recognition. In May 2014, the Boards published "Revenue from Contracts with Customers" (IFRS 15 for the IASB; Topic 606 for the FASB). IFRS 15 is effective from fiscal years beginning on or after January 1, 2018, and Topic 606 is applied from fiscal years beginning after December 15, 2017. In response to these developments, the Accounting Standards Board of Japan (ASBJ) developed a comprehensive accounting standard relating to revenue recognition, and published this standard together with implementation guidance.

As its basic policy for the development of an accounting standard relating to revenue recognition, the ASBJ took as its starting point the adoption of the fundamental principles contained in IFRS 15. This policy was adopted from the perspective of the comparability principle between financial statements, which is one of the benefits of striving for consistency with IFRS 15. In the case that there are items requiring practices used in Japan to date to be taken into consideration, the ASBJ determined that alternative treatments may be added to the extent that such additions do not impair comparability.

(b) Planned Date of Adoption
The Company plans to adopt the Accounting Standard and Implementation Guidance from the beginning of the fiscal year ending March 31, 2022.

(c) Impact of the Adoption of the Accounting Standard and Implementation Guidance
The Company is currently assessing the effects of applying the Accounting Standard for Revenue Recognition and its related guidance, on the consolidated financial statements.

4. Additional Information

Transactions Granting the Company's Stock to Employees, etc., through Trusts

1. Overview of Transactions

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

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

2. Residual Treasury Stock Held by the Trust

Shares of the Company residually held by the trust are recognized as treasury stock under net assets in the consolidated balance sheets. These shares are recognized at the book value recorded by the trust (excluding incidental expenses). The book value of this treasury stock was ¥427 million and the number of shares was 178 thousand shares as of March 31, 2019.

3. Book Value of Loans Payable of the Trust Recognized using the Gross Recognition Method

As of March 31, 2019 ¥540 million

Business Succession through Company Split (Simplified Absorption-type Company Split)

On March 15, 2019, the Board of Directors passed a resolution for the execution of an absorption-type company split agreement covering the execution of a business succession agreement and company split to acquire the credit guarantee business of JCB Co., Ltd. (hereinafter, "the target business") through a company split (simplified absorption-type company split) for business succession (hereinafter, "the company split").

1. Purpose of the Company Split

Under its three-year medium-term business plan, "RAISE 2020," one of the Company's core strategies is to "pursue sustainable growth in domestic businesses." Guarantee services for personal loans extended by financial institutions—the target business—is one of the main product categories handled by the Company's credit guarantee business. The company split is aimed at further strengthening the Company's guarantee services for personal loans extended by financial institutions, and is based on the judgement that the Group's future earnings base is expected to expand.

Following the company split coming into force, the Company will strive to further develop its credit guarantee business based on the relationships built by JCB with financial institutions in the target business.

2. Summary of the Company Split

(a) Schedule for the company split

Execution of absorption-type company split agreement April 15, 2019

Date of company split coming into force September 24, 2019 (planned)

(b) Method of the company split

Simplified absorption-type company split, with JCB Co., Ltd., as the splitting company and JACCS Co., Ltd., to be the successor company.

5. Pledged Assets

Pledged assets as of March 31, 2019 and 2018 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Assets pledged as collateral:			
Finance receivable-installment	¥226,806	¥119,428	$2,043
Lease investment assets	14,824	11,284	133
Total	¥241,630	¥130,712	$2,176
Debt secured by the above collateral:			
Short-term loans payable	¥ 13,624	¥ 30,278	$ 122
Current portion of bonds payable	2,308	—	20
Current portion of long-term loans payable	78,640	33,522	708
Accrued expenses	268	—	2
Bonds	—	2,524	—
Long-term loans payable	140,159	63,999	1,262
Total	¥235,000	¥130,324	$2,117

With regard to the balance of securitized auto loan receivables, owing to the treatment of this item as a financing transaction, ¥139,494 million and ¥13,115 million are included within the balance of finance receivable-installment in current assets, ¥52,613 million and ¥6,301 million are included within the balance of current portion of long-term loans payable in current liabilities, and ¥86,880 million and ¥6,813 million are included within the balance of long-term loans payable in noncurrent liabilities as of March 31, 2019 and March 31, 2018, respectively.

6. Finance Receivable-Installment

Finance receivable-installment as of March 31, 2019 and 2018 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Credit card business	¥ 201,899	¥ 192,789	$ 1,818
Installment sales finance business	1,595,663	1,229,651	14,375
Financing	207,933	222,505	1,873
Other	6,557	5,506	59
Total	¥2,012,053	¥1,650,453	$18,126

7. Deferred Income on Finance Receivables

Deferred income on finance receivables as of March 31, 2019 and 2018 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Credit card business	¥ 722	¥ 717	$ 6
Installment sales finance business	118,897	82,777	1,071
Credit guarantee	42,094	50,476	379
Financing	382	324	3
Other	0	—	0
Total	¥162,097	¥134,296	$1,460

8. Short-Term Loans and Long-Term Debt

Short-term loans as of March 31, 2019 and 2018, consist of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Short-term loans principally from banks at weighted average rate of:			
0.4% as of March 31, 2019, and March 31, 2018, respectively	¥295,796	¥286,958	$2,664
Commercial papers at weighted average rate of:			
0.1% as of March 31, 2019, and March 31, 2018, respectively	416,000	364,000	3,747

Long-term debt as of March 31, 2019 and 2018, consist of the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Bonds and notes issued by the Company			
0.770% bonds due in Year ended March 31, 2019	—	¥ 15,000	—
1.130% bonds due in Year ended March 31, 2021	¥ 15,000	15,000	$135
0.790% bonds due in Year ended March 31, 2021	15,000	15,000	135
0.342% bonds due in Year ended March 31, 2020	10,000	10,000	90
0.545% bonds due in Year ended March 31, 2022	10,000	10,000	90
0.644% bonds due in Year ended March 31, 2022	10,000	10,000	90
0.752% bonds due in Year ended March 31, 2023	10,000	10,000	90
0.120% bonds due in Year ended March 31, 2024	19,789	19,742	178
0.250% bonds due in Year ended March 31, 2023	10,000	10,000	90
0.370% bonds due in Year ended March 31, 2025	10,000	10,000	90
0.370% bonds due in Year ended March 31, 2025	15,000	15,000	135
0.250% bonds due in Year ended March 31, 2024	15,000	—	135
0.360% bonds due in Year ended March 31, 2026	10,000	—	90
0.490% bonds due in Year ended March 31, 2029	5,000	—	45
0.240% bonds due in Year ended March 31, 2024	15,000	—	135
0.544% bonds due in Year ended March 31, 2029	5,000	—	45
8.520% bonds due in Year ended March 31, 2019 (140,000 million IDR)*	1,077	1,178	9
7.770% bonds due in Year ended March 31, 2020 (160,000 million IDR)*	1,230	1,346	11
Loans, principally from banks and other financial institutions at weighted average rate of: 1.0% as of March 31, 2019, and 1.1% as of March 31, 2018	898,908	665,292	8,098
	1,076,005	807,559	9,693
Less current portion	(236,384)	(121,972)	(2,129)
Long-term debt, less current portion	¥ 839,621	¥685,587	$ 7,564

*These bonds were issued by PT Mitra Pinasthika Mustika Finance for which the balance sheets as of December 31, 2018 and 2017 have been consolidated in the accompanying consolidated balance sheets as of March 31, 2019 and 2018, respectively.

The aggregate annual maturities of long-term debt as of March 31, 2019 are summarized as follows:

Years ended March 31	Millions of Yen	Millions of U.S. Dollars
2020	¥236,384	$ 2,129
2021	168,625	1,519
2022	192,627	1,735
2023	143,020	1,288
2024 and thereafter	335,347	3,021
Total	¥1,076,005	$9,693

9. Guarantee Obligations

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

On the other hand, the balance of guarantee obligations related to operations in which the Company directly undertakes guarantee obligations for loans held by financial institutions is recorded on the consolidated balance sheets as finance receivable—installment sales-credit guarantee within current assets, and finance payable—credit guarantee within current liabilities, both in the same amount.

Commitment to guarantee as of March 31, 2019 and 2018 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Guarantee companies	¥227,354	¥—	$2,048

10. Loan Commitments

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

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Total loan commitments	¥1,180,275	¥1,149,811	$10,633
Executed loans	53,139	55,516	478
Balance	¥1,127,135	¥1,094,295	$10,154

11. New Contracts

Volume of new contracts for the years ended March 31, 2019 and 2018 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Credit card business	¥1,306,927	¥1,247,046	$11,774
Installment sales finance business	1,041,888	782,994	9,386
Credit guarantee	837,565	856,716	7,545
Financing	86,465	74,386	778
Other	1,286,354	1,197,557	11,588
Total	¥4,559,202	¥4,158,700	$41,073
Note: Year-end balance of credit guarantee for line of credit	¥ 45,791	¥ 42,389	$ 412

12. Impairment Loss

In the fiscal year ended March 31, 2019, the JACCS Group recognized impairment losses relating to the following assets.

Location	Asset group	Purpose	Type	Impairment loss
Shibuya, Tokyo	JACCS Co., Ltd.	Business asset	Software	¥177 million
Shinagawa, Tokyo	JACCS Loan-Collection Service Co., Ltd.	Business asset	Software	¥6 million

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

Based on the decision made at JACCS Co., Ltd. during the fiscal year ended March 31, 2019 to discontinue offering of certain payment services, the Company reduced the book value of software related to the discontinued services to an amount deemed recoverable and recognized the resulting impairment loss as an extraordinary loss.

Based on the assessment made at JACCS Loan-Collection Service Co., Ltd. that certain software was unlikely to be used in the future, the Company reduced the book value of the software to an amount deemed recoverable and recognized the resulting impairment loss as an extraordinary loss.

The amount deemed recoverable was measured based on the value in use.

13. Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2019 and 2018 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Unrealized gains (losses) on available-for-sale securities			
Gains (losses) arising during the year	¥ (877)	¥1,294	$ (7)
Reclassification adjustments to profit or loss	10	(334)	0
Amount before income tax effect	(866)	960	(7)
Income tax effect	188	(378)	1
Total unrealized gains (losses) on available-for-sale securities	(677)	582	(6)
Deferred gains (losses) on hedges			
Gains (losses) arising during the year	(9)	68	(0)
Reclassification adjustments to profit or loss	—	4	—
Amount before income tax effect	(9)	73	(0)
Income tax effect	2	(18)	0
Total deferred gains (losses) on hedges	(7)	54	(0)
Foreign currency translation adjustment			
Adjustment arising during the year	(1,514)	(165)	(13)
Remeasurements of defined benefit plans, net of tax			
Gains (losses) arising during the year	2	375	0
Reclassification adjustments to profit or loss	106	272	0
Amount before income tax effect	109	647	0
Income tax effect	(30)	(186)	(0)
Total remeasurements of defined benefit plans, net of tax	79	461	0
Share of other comprehensive income of affiliated companies accounted for using equity method			
Gains (losses) arising during the year	(21)	489	(0)
Reclassification adjustments to profit or loss	—	—	—
Total share of other comprehensive income of affiliated companies accounted for using equity method	(21)	489	(0)
Total other comprehensive income	¥(2,142)	¥1,422	$(19)

14. Net Assets

Equity

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”).

The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

1. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders’ meeting. For companies that meet certain criteria, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

2. Increases/decreases and transfer of common stock, reserve, and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account that was charged upon the payment of such dividends until the total of the aggregate amount of the legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

3. Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors.

The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

15. Consolidated Statements of Changes in Net Assets

Year Ended March 31, 2019

1. Shares outstanding

Class of shares	April 1, 2018	Increase	Decrease	March 31, 2019
Shares of common stock	35,079,161	—	—	35,079,161

2. Treasury stock

Class of shares	April 1, 2018	Increase	Decrease	March 31, 2019
Shares of common stock	454,248	351,125	93,000	712,373

Notes:1. The increase of 351,125 shares of treasury stock (shares of common stock) comprised acquisition of 425 shares based on requests for purchase of shares less than one unit; acquisition of 100,000 shares in the market based on a resolution of the Board of Directors on May 15, 2018; and acquisition of 250,700 shares in the market by the ESOP Trust Account.

2. The decrease of 93,000 shares of treasury stock (shares of common stock) comprised a decrease of 72,000 shares due to transfer from the ESOP Trust Account to the JACCS Co., Ltd. Employee Stock Ownership Association; a decrease of 4,800 shares due to exercise of stock options; and a decrease of 16,200 shares due to grant of restricted share units as stock-based compensation.

3. Treasury stock (shares of common stock) includes shares of the Company held by the ESOP Trust Account (178,700 shares as of March 31, 2019). This is because shares of the Company held by the ESOP Trust Account are presented on the Consolidated Balance Sheets as treasury stock.

3. Subscription rights to shares

Company name	Classification	Class of shares to be delivered	Number of shares to be delivered				Balance at March 31, 2019 (Millions of Yen)
			April 1, 2018	Increase	Decrease	March 31, 2019	
JACCS Co., Ltd.	Subscription rights to shares	—	—	—	—	—	¥275
	Total		—	—	—	—	¥275

Company name	Classification	Class of shares to be delivered	Number of shares to be delivered				Balance at March 31, 2019 (Millions of U.S. Dollars)
			April 1, 2018	Increase	Decrease	March 31, 2019	
JACCS Co., Ltd.	Subscription rights to shares	—	—	—	—	—	$2
	Total		—	—	—	—	$2

4. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividend amount	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders, June 28, 2018	Shares of common stock	¥1,384 million	¥40.00	March 31, 2018	June 29, 2018
Board of Directors, November 7, 2018	Shares of common stock	¥1,381 million	¥40.00	September 30, 2018	November 30, 2018

Note: The total dividend amount authorized by a resolution of the Board of Directors on November 7, 2018, included ¥10 million paid to The Master Trust Bank of Japan, Ltd. (ESOP Trust Account, No. 76325).

Resolution	Class of shares	Total dividend amount	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders, June 28, 2018	Shares of common stock	$12 million	$0.36	March 31, 2018	June 29, 2018
Board of Directors, November 7, 2018	Shares of common stock	$12 million	$0.36	September 30, 2018	November 30, 2018

(2) Dividends applicable to the fiscal year ended March 31, 2019, which have an effective date during the fiscal year ending March 31, 2020

Resolution	Class of shares	Source of dividends	Total dividend amount	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders, June 27, 2019	Shares of common stock	Retained earnings	¥1,381 million	¥40.00	March 31, 2019	June 28, 2019

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

Resolution	Class of shares	Source of dividends	Total dividend amount	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders, June 27, 2019	Shares of common stock	Retained earnings	$12 million	$0.36	March 31, 2019	June 28, 2019

Year Ended March 31, 2018

1. Shares outstanding

Class of shares	April 1, 2017	Increase	Decrease	March 31, 2018
Shares of common stock	175,395,808	—	140,316,647	35,079,161

Notes: 1. On October 1, 2017, the Company executed a reverse stock split (consolidation of shares) at a ratio of 1-for-5 shares of common stock.
2. The decrease in the number of shares of common stock outstanding of 140,316,647 shares was due to a reverse stock split (consolidation of shares).

2. Treasury stock

Class of shares	April 1, 2017	Increase	Decrease	March 31, 2018
Shares of common stock	2,720,711	3,991	2,270,454	454,248

Notes: 1. On October 1, 2017, the Company executed a reverse stock split (consolidation of shares) at a ratio of 1-for-5 shares of common stock.
2. The increase of 3,991 shares of treasury stock (shares of common stock) comprised an increase of 393 shares through the purchase of fractional shares accompanying a reverse stock split (consolidation of shares); and acquisition of 3,598 shares based on requests for purchase of shares less than one unit (2,856 shares prior to the reverse stock split, and 742 shares subsequent to the reverse stock split).
3. The decrease of 2,270,454 shares of treasury stock (share of common stock) comprised a decrease of 2,017,254 shares owing to the reverse stock split (consolidation of shares); a decrease of 244,600 shares due to a transfer from the ESOP Trust Account to the JACCS Co., Ltd. Employee Stock Ownership Association (202,000 shares prior to the reverse stock split, and 42,600 shares subsequent to the reverse stock split); and a decrease of 8,600 shares subsequent to the reverse stock split due to exercise of stock options.
4. Treasury stock (shares of common stock) includes shares of the Company held by the ESOP Trust Account (415,000 shares as of April 1, 2017). This is due to shares of the Company held by the ESOP Trust Account being presented on the Consolidated Balance Sheets as treasury stock. This ESOP Trust Account was terminated in March 2018.

3. Subscription rights to shares

Company name	Classification	Class of shares to be delivered	Number of shares to be delivered				Balance at March 31, 2018 (Millions of Yen)
			April 1, 2017	Increase	Decrease	March 31, 2018	
JACCS Co., Ltd.	Subscription rights to shares	—	—	—	—	—	¥266
	Total		—	—	—	—	¥266

4. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividend amount	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders, June 29, 2017	Shares of common stock	¥1,298 million	¥7.50	March 31, 2017	June 30, 2017
Board of Directors, November 8, 2017	Shares of common stock	¥1,384 million	¥8.00	September 30, 2017	November 30, 2017

Notes: 1. The total dividend amount authorized by a resolution of the Ordinary General Meeting of Shareholders on June 29, 2017, included ¥3 million paid to The Master Trust Bank of Japan, Ltd. (ESOP Trust Account, No. 75579).
2. The total dividend amount authorized by a resolution of the Board of Directors on November 8, 2017, included ¥1 million paid to The Master Trust Bank of Japan, Ltd. (ESOP Trust Account, No. 75579).
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. With regards to cash dividends per share, the amounts presented are those prior to the reverse stock split.

(2) Dividends applicable to the fiscal year ended March 31, 2018, which have an effective date during the fiscal year ended March 31, 2019

Resolution	Class of shares	Source of dividends	Total dividend amount	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders, June 28, 2018	Shares of common stock	Retained earnings	¥1,384 million	¥40.00	March 31, 2018	June 29, 2018

16. Cash Flows Information

Reconciliation of cash and cash equivalents in the consolidated statements of cash flows and the consolidated balance sheets as of March 31, 2019 and 2018 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Cash and deposits	¥91,103	¥81,476	$820
Time deposits exceeding 3 months	(38)	(55)	0
Cash and cash equivalents	¥91,064	¥81,421	$820

17. Financial Instruments

(a) Outline of Utilization of Financial Instruments

1. Management policies

The Company operates consumer credit services including installment sales finance, credit card, credit guarantee and financing. To do such business, the Company borrows money from financial institutions as indirect finance, and raises money by issuing bonds and commercial papers in consideration of market conditions and length of finance. Thereby, the Company holds financial assets and liabilities having interest rate fluctuation risks. To avoid its unfavorable effect, the Company applies asset liability management (ALM) using derivatives transactions as a measure. In addition, a consolidated subsidiary operates leasing business.

The Company uses derivative transactions to hedge against the risk of interest rate fluctuation and foreign exchange fluctuation, as part of its efforts to ensure stability in its earnings. The Company does not engage in speculative transactions.

2. Contents of financial instruments and their risks

Financial assets held by the Company, which are mainly installment receivables on domestic installment sales finance and credit card business, are exposed to the credit risks of the corresponding customers' default of payments.

In terms of investment securities, which are mainly composed of equity stocks related to business or capital tie-ups and the like with business partners, these assets are exposed to the credit risk of the issuer and the risk of market value fluctuations.

Loans payable, bonds payable and commercial papers are exposed to liquidity risk. There exists the possibility that the Company may have difficulty making payment on a due date, such as the Company may not be able to raise funds in the markets under certain circumstances. Loans payable with variable interest rates expose the Company to the risk of interest rate fluctuation. In addition, foreign currency denominated monetary claims and obligations that arise when the Company conducts transactions overseas are exposed to foreign exchange risk. The Company conducts derivative transactions related to interest rates for the purpose of hedging against the risk of fluctuation of interest rates on loans payable, and conducts derivative transactions related to currencies for the purpose of hedging against the risk of foreign exchange fluctuation.

With regard to the method of hedge accounting, hedging instruments, hedged items, hedging policy, and method of evaluating hedging effectiveness, please refer to Note 2 Summary of Significant Accounting Policies (q) Significant Hedging Activities.

3. Risk management system of financial instruments

(1) Control of credit risk

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

(2) Control of market risk

a. Control of interest risk

The Company controls interest fluctuation risk by means of ALM. Regulations and internal rules of ALM specify risk control measures and procedures and the results of control are confirmed by the Board of Directors in conformity with ALM policies decided by the ALM Committee. The Finance Department analyzes daily interest rate sensitivity based on estimated interest rates and makes a report every three months to the ALM Committee. Interest fluctuation risks are hedged by interest rate swaps as a part of ALM.

b. Control of foreign exchange risk

With regard to foreign exchange fluctuation risk, the Company manages such risk on an individual transaction basis. Risk is managed through the use of currency-related derivative transactions.

c. Control of market fluctuation risk

As investment securities are mainly composed of equity shares issued by companies which have relations with the Company in transactions or in capital coalition, market environment and financial conditions of the issuing companies are monitored periodically. The Company carries out ongoing monitoring of prices of investment securities. By considering the circumstances comprehensively and reporting these to senior management, the Company aims to reduce the price fluctuation risk of its equity securities holdings.

d. Derivatives transactions

Each section of execution of derivatives transactions, assessment of hedge effectiveness and operation control is separated to enhance internal checks. Operations are carried out in conformity with regulations and internal rules.

e. Quantitative information relating to market risk

Financial instruments for trading purposes

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

Financial instruments for other than trading purposes

The financial instruments most affected by the interest rate risk, which is a main risk variable are mainly “short-term loans payable,” “long-term loans payable,” “bonds payable” and “interest swap transactions.”

As for these financial instruments, the Company calculates amount of impact on profit and loss for the following six months, using a reasonable range of changes in the interest rate expected to occur in around six months after the year-end. The Company uses the calculated amount of impact in a quantitative analysis for managing the risk of changes in the interest rate. In calculations of the amount of impact, the Company separates the financial instruments concerned into the fixed interest rate group and the floating interest rate group and further breaks down the balances into appropriate periods based on respective interest rate dates. The Company then calculates the amount of impact on profit and loss using the range of interest rate fluctuation applicable to each of the periods. The Company assumes the risk variables except for the interest rate are constant. That is, the Company does not consider correlation between interest rate and other risk variables.

As of March 31, 2019, the Company estimates that if the index interest rate increased by 10 basis point (0.1%), financial expenses would increase by ¥448 million (US$4 million).

However, actual results may exceed the calculated amount of impact if a fluctuation occurs beyond the reasonably expected range of changes in the interest rate.

(3) Control of liquidity risk on funding

The Company timely controls funding operations of the entire group by ALM and manages liquidity risk by diversification of funding measures, acquisition of commitment lines from multiple financial institutions and adjustment of duration of funding in consideration of the market environment.

4. Supplementary explanation to fair values of financial instruments

Fair values of financial instruments are based on market prices or rationally computed prices in case market prices are not available. As the computation of such prices is subject to certain presumptions, prices may change under different presumptions.

(b) Fair Values of Financial Instruments

The tables below show the amounts of financial instruments recorded in the consolidated balance sheets and their fair values as of March 31, 2019 and 2018, as well as their differences. Financial instruments of which fair values were hardly available are not presented herein (See Note 2).

	Millions of Yen						Millions of U.S. Dollars		
	2019			2018			2019		
	Consolidated balance sheet amount	Fair value	Differences	Consolidated balance sheet amount	Fair value	Differences	Consolidated balance sheet amount	Fair value	Differences
Cash and deposits	¥ 91,103	¥ 91,103	¥ —	¥ 81,476	¥ 81,476	¥ —	$ 820	$ 820	$ —
Finance receivable-installment:	2,012,053			1,650,453			18,126		
Allowance for doubtful accounts	(32,311)			(23,383)			(291)		
Deferred income on finance receivables	(120,002)			(83,819)			(1,081)		
	1,859,739	1,925,066	65,326	1,543,250	1,618,269	75,018	16,754	17,342	588
Lease investment assets	122,795			103,425			1,106		
Estimated residual value*1	(20,049)			(12,256)			(180)		
Allowance for doubtful accounts	(114)			(156)			(1)		
	102,631	103,295	664	91,012	91,636	623	924	930	5
Investment securities:									
Available-for-sale securities	15,312	15,312	—	16,333	16,333	—	137	137	—
Total assets	¥2,068,786	¥2,134,777	¥ 65,991	¥1,732,073	¥1,807,716	¥75,642	$18,637	$19,232	$594
Short-term loans payable	¥ 295,796	¥ 295,796	¥ —	¥ 286,958	¥ 286,958	¥ —	$ 2,664	$ 2,664	$ —
Commercial papers	416,000	416,000	—	364,000	364,000	—	3,747	3,747	—
Bonds payable*2	177,097	177,896	799	142,267	142,551	284	1,595	1,602	7
Long-term loans payable*3	898,908	904,491	5,583	665,292	668,846	3,554	8,098	8,148	50
Total liabilities	¥1,787,802	¥1,794,185	¥6,382	¥1,458,518	¥1,462,357	¥ 3,839	$16,106	$16,163	$ 57
Derivatives transactions*4									
Hedge accounting not applied	¥ 585	¥ 585	¥ —	¥ (39)	¥ (39)	¥ —	$ 5	$ 5	$ —
Hedge accounting applied	242	242	—	(4)	(4)	—	2	2	—
Total derivatives transactions	¥ 827	¥ 827	¥ —	¥ (44)	¥ (44)	¥ —	$ 7	$ 7	$ —
Other:									
Credit guarantee contracts		¥ 163,550			¥ 203,613			$ 1,473	

*1 The estimated residual value included in lease investment assets has been deducted.
*2 Current portion of bonds payable is included in bonds payable.
*3 Current portion of long-term loans payable is included in long-term loans payable.
*4 Figures presented are net receivable or payable resulting from derivatives transactions. If the total is a payable amount, the figure is shown in ( ).

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

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

Derivatives transactions: see Note 19 “Derivatives”

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

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

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Description	Book value	Book value	Book value
Unlisted shares	¥1,172	¥1,045	$10

Fair values of the above shares without market prices are not presented herein as calculation of their fair values are hardly available. In the fiscal year ended March 31, 2018, ¥1 million of impairment loss was recognized on these unlisted securities. No impairment loss was recognized on these unlisted securities for the fiscal year ended March 31, 2019.

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

March 31, 2019	Millions of Yen					
	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	¥ 91,103	¥ —	¥ —	¥ —	¥ —	¥ —
Finance receivable-installment	597,221	349,998	283,864	198,069	145,066	437,833
Lease investment assets	35,205	28,295	22,956	15,538	10,943	10,063
Total	¥723,529	¥378,293	¥306,821	¥213,608	¥156,009	¥447,897

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

March 31, 2018	Millions of Yen					
	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	¥ 81,476	¥ —	¥ —	¥ —	¥ —	¥ —
Finance receivable-installment	501,300	284,538	218,471	160,049	113,068	373,024
Lease investment assets	29,307	24,911	20,290	14,916	9,690	7,123
Total	¥612,085	¥309,449	¥238,762	¥174,965	¥122,759	¥380,147

March 31, 2019	Millions of U.S. Dollars					
	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	$ 820	$ —	$ —	$ —	$ —	$ —
Finance receivable – installment	5,380	3,153	2,557	1,784	1,306	3,944
Lease investment assets	317	254	206	139	98	90
Total	$6,518	$3,408	$2,764	$1,924	$1,405	$4,035

Note 4: Repayment schedule of bonds payable, long-term loans payable and other interest-bearing liabilities after the balance sheet date

March 31, 2019

	Millions of Yen					
	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans payable	¥295,796	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial papers	416,000	—	—	—	—	—
Bonds payable	12,308	30,000	20,000	20,000	49,789	45,000
Long-term loans payable	224,076	138,625	172,627	123,020	136,037	104,520
Total	¥948,180	¥168,625	¥192,627	¥143,020	¥185,827	¥149,520

March 31, 2018

	Millions of Yen					
	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans payable	¥286,958	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial papers	364,000	—	—	—	—	—
Bonds payable	15,000	12,524	30,000	20,000	20,000	44,742
Long-term loans payable	106,972	163,395	90,194	106,979	90,160	107,589
Total	¥772,930	¥175,920	¥120,194	¥126,979	¥110,160	¥152,332

March 31, 2019

	Millions of U.S. Dollars					
	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans payable	$2,664	$ —	$ —	$ —	$ —	$ —
Commercial papers	3,747	—	—	—	—	—
Bonds payable	110	270	180	180	448	405
Long-term loans payable	2,018	1,248	1,555	1,108	1,225	941
Total	$8,542	$1,519	$1,735	$1,288	$1,674	$1,347

18. Securities

(a) Available-for-Sale Securities

	Millions of Yen						Millions of U.S. Dollars		
	2019			2018			2019		
Category	Consolidated balance sheet amount	Acquisition cost	Unrealized gains (losses)	Consolidated balance sheet amount	Acquisition cost	Unrealized gains (losses)	Consolidated balance sheet amount	Acquisition cost	Unrealized gains (losses)
Balance sheet amount exceeding acquisition cost:									
Equity shares	¥14,012	¥5,989	¥8,023	¥15,738	¥7,043	¥8,694	$126	$53	$72
Balance sheet amount not exceeding acquisition cost:									
Equity shares	1,299	1,617	(317)	595	718	(122)	11	14	(2)
	¥15,312	7,607	7,705	¥16,333	¥7,761	¥8,571	$137	$68	$69

Notes: 1. “Acquisition cost” refers to the book value after impairment.
2. With regard to impairment, in the case where fair value at end of period has fallen 50% or more compared with the acquisition cost, impairment losses are recognized for all such items. In the case where fair value has fallen 30%–50% compared with the acquisition cost, impairment losses are recognized to the extent recognized as necessary after considering such factors as recoverability in fair value. In the fiscal year ended March 31, 2018, ¥55 million of impairment loss was recognized. In the fiscal year ended March 31, 2019, no impairment loss has occurred.

(b) Available-for-Sale Securities Sold

	Millions of Yen						Millions of U.S. Dollars		
	2019			2018			2019		
Category	Securities sold	Total gain on sales	Total loss on sales	Securities sold	Total gain on sales	Total loss on sales	Securities sold	Total gain on sales	Total loss on sales
Equity shares	¥353	¥14	¥24	¥715	¥389	—	$3	$0	$0

19. Derivatives

(a) Hedge Accounting Not Applied

Contractual values and fair value of derivatives transactions as of March 31, 2019 and 2018, not applying hedge accounting, are shown below. Contractual values of derivatives transactions do not, by themselves, represent the market risks on these derivatives transactions.

March 31, 2019

Millions of Yen

	Type of derivatives transactions	Contractual value		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Transactions other than market transactions	Currency option	¥37,571	¥21,285	¥600	¥651
	Forward exchange contracts Sell: IDR Buy: USD	884	—	(9)	(9)
	Forward exchange contracts Sell: USD Buy: Yen	1,013	—	(6)	(6)
Total		¥39,469	¥21,285	¥585	¥636

March 31, 2018

Millions of Yen

	Type of derivatives transactions	Contractual value		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Transactions other than market transactions	Currency option	¥23,815	¥11,901	¥(39)	¥199

March 31, 2019

Millions of U.S. Dollars

	Type of derivatives transactions	Contractual value		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Transactions other than market transactions	Currency option	$338	$191	$5	$5
	Forward exchange contracts Sell: IDR Buy: USD	7	—	(0)	(0)
	Forward exchange contracts Sell: USD Buy: Yen	9	—	(0)	(0)
Total		$355	$191	$5	5

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

(b) Hedge Accounting Applied

Contractual values and fair value of derivatives transactions as of March 31, 2019 and 2018, accounted for by hedge accounting, are shown below, by each accounting method for hedging activity. Contractual values of derivatives transactions do not, by themselves, represent the market risks on these derivatives transactions.

March 31, 2019

Millions of Yen

Accounting method for hedging activities	Type of derivatives transactions	Hedged items	Contractual value		Fair value
			Total	Over 1 year	
Deferral method	Interest rate swap Payment fixed / Receipt variable	Long-term loans payable	¥25,656	¥14,494	¥ (2)
	Cross currency interest rate swap	Long-term loans payable	7,562	4,619	245
Total			¥33,218	¥19,114	¥242

March 31, 2018

Millions of Yen

Accounting method for hedging activities	Type of derivatives transactions	Hedged items	Contractual value		Fair value
			Total	Over 1 year	
Deferral method	Interest rate swap Payment fixed / Receipt variable	Long-term loans payable	¥14,726	¥ 7,645	¥ 82
	Cross currency interest rate swap	Long-term loans payable	6,376	3,264	(87)
Total			¥21,103	¥10,910	¥ (4)

March 31, 2019

Millions of U.S. Dollars

Accounting method for hedging activities	Type of derivatives transactions	Hedged items	Contractual value		Fair value
			Total	Over 1 year	
Deferral method	Interest rate swap Payment fixed / Receipt variable	Long-term loans payable	$231	$130	$(0)
	Cross currency interest rate swap	Long-term loans payable	68	41	2
Total			$299	$172	$2

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

20. Retirement Benefits

(a) Overview of the Retirement Benefit Plans Adopted

To provide for employee retirement benefits, the Company and its consolidated subsidiaries operate funded defined-benefit plans and a defined contribution plan. Under the defined benefit corporate pension plans (all funded plan), a lump sum or pension are paid in accordance with the employee's salary and the length of service.

(b) Defined Benefit Plans

1. Movement in retirement benefit obligations

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Balance at beginning of fiscal years	¥24,325	¥23,514	$219
Current service cost	1,289	1,288	11
Interest cost	108	100	0
Actuarial loss (gain)	(176)	(51)	(1)
Benefits paid	(980)	(841)	(8)
Change in scope of consolidation	—	332	—
Other	(39)	(18)	(0)
Balance at end of fiscal years	¥24,526	¥24,325	$220

2. Movement in plan assets

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Balance at beginning of fiscal years	¥28,937	¥27,512	$260
Expected return on plan assets	593	555	5
Actuarial gain (loss)	(173)	324	(1)
Contributions paid by the employer	1,059	1,234	9
Benefits paid	(980)	(834)	(8)
Change in scope of consolidation	—	158	—
Other	(33)	(12)	(0)
Balance at end of fiscal years	¥29,402	¥28,937	$264

3. Reconciliation from retirement benefit obligations and net defined benefit liability (asset)

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Funded retirement benefit obligations	¥ 24,526	¥ 24,325	$ 220
Plan assets	(29,402)	(28,937)	(264)
	(4,875)	(4,612)	(43)
Unfunded retirement benefit obligations	—	—	—
Net defined benefit liability (asset) at end of fiscal years	(4,875)	(4,612)	(43)
Liabilities for retirement benefits	87	58	0
Assets for retirement benefits	(4,963)	(4,671)	(44)
Net defined benefit liability (asset) at end of fiscal years	¥ (4,875)	¥ (4,612)	$ (43)

4. Retirement benefit costs

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Current service cost	¥1,289	¥1,288	$11
Interest cost	108	100	0
Expected return on plan assets	(593)	(555)	(5)
Net actuarial loss (gain) amortization	106	272	0
Past service costs amortization	—	—	—
Other	125	117	1
Total retirement benefit costs	¥1,036	¥1,223	$ 9

5. Remeasurements of defined benefit plans

The breakdown of items included in remeasurements of defined benefit plans (before tax) for the years ended March 31, 2019 and 2018 is as follows.

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Past service costs	¥ —	¥ —	$—
Actuarial loss	(109)	(647)	(0)
Total amount for the period	¥(109)	¥(647)	$ (0)

6. Accumulated adjustments (remeasurements) of defined benefit plans

The breakdown of items included in accumulated adjustments (remeasurements) of defined benefit plans (before tax) as of March 31, 2019 and 2018 is as follows.

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Past service costs that are yet to be recognized	¥ —	¥ —	$—
Actuarial loss that are yet to be recognized	705	814	6
Total balance at end of fiscal years	¥705	¥814	$ 6

7. Plan assets

(1) Plan assets comprise:

	2019	2018
Bonds	40%	40%
Equity securities	20%	20%
General account	37%	37%
Cash and deposits	3%	3%
Total	100%	100%

(2) Long-term expected rate of return

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

8. Actuarial assumptions

The principal actuarial assumptions (presented as weighted averages)

	2019	2018
Discount rate	0.3%–6.3%	0.3%–6.3%
Long-term expected rate of return	2.0%–6.0%	2.0%–6.0%
Assumed rate of increase in salaries	2.3%–6.0%	3.0%–6.0%

(c) Defined Contribution Plan

The required contribution amount for the Company and its consolidated subsidiaries to the defined contribution plan are ¥479 million (US$4 million) and ¥470 million for the years ended March 31, 2019 and 2018, respectively.

21. Stock Options

Stock option expenses in the amount of ¥15 million (US$0 million) and ¥58 million were recognized as "selling, general and administrative expenses" on the consolidated statements of income for the years ended March 31, 2019 and 2018, respectively.

(a) Stock Option Program–Content, Scale and Fluctuations

1. Stock option program–content

Date of resolution	August 4, 2017	August 5, 2016	August 5, 2015	August 5, 2014	August 2, 2013	August 3, 2012
Grantees	8 directors of JACCS (excluding outside director)	8 directors of JACCS (excluding outside director)	7 directors of JACCS (excluding outside director)	7 directors of JACCS (excluding outside director)	7 directors of JACCS (excluding outside director)	7 directors of JACCS (excluding outside director)
	11 senior executive officers of JACCS	11 senior executive officers of JACCS	10 senior executive officers of JACCS	10 senior executive officers of JACCS	9 senior executive officers of JACCS	11 senior executive officers of JACCS
Type of stock	Common stock	Common stock	Common stock	Common stock	Common stock	Common stock
Number of shares granted*1	33,600	36,600	32,600	36,200	19,200	64,400
Date of grant	August 21, 2017	August 22, 2016	August 20, 2015	August 20, 2014	August 19, 2013	August 20, 2012
Vesting conditions for rights	*2	*2	*2	*2	*2	*2
Qualifying period of service	from June 29, 2017 to June 28, 2018	from June 29, 2016 to June 29, 2017	from June 26, 2015 to June 29, 2016	from June 26, 2014 to June 26, 2015	from June 27, 2013 to June 26, 2014	from June 28, 2012 to June 27, 2013
Exercisable period	from August 22, 2017 to August 21, 2047	from August 23, 2016 to August 22, 2046	from August 21, 2015 to August 20, 2045	from August 21, 2014 to August 20, 2044	from August 20, 2013 to August 19, 2043	from August 21, 2012 to August 20, 2042

Notes: 1. Figures shown have been converted to number of shares. The number of shares presented has been converted to the number of shares reflecting the effect of the reverse stock split (consolidation of shares) executed by the Company on October 1, 2017 (at a ratio of 1-for-5 shares of common stock).
2. Holders of subscription rights to shares may exercise subscription rights to shares on or after the day following the loss of their position in the Company. Specifically, this refers to the position of either director (excluding outside director), Audit & Supervisory Board member, or senior executive officer.

2. Stock option program–scale and fluctuations

With regard to the number of stock options, the figures presented below have been converted to number of shares. Table below only includes stock options outstanding during the fiscal year under review.

(1) Number of stock options

Date of resolution	August 4, 2017	August 5, 2016	August 5, 2015	August 5, 2014	August 2, 2013	August 3, 2012
Before vesting						
Outstanding as of March 31, 2018	33,600	—	—	—	—	—
Granted	—	—	—	—	—	—
Expired	—	—	—	—	—	—
Vested	33,600	—	—	—	—	—
Outstanding as of March 31, 2019	—	—	—	—	—	—
After vesting						
Outstanding as of March 31, 2018	—	36,600	32,600	32,200	16,600	32,200
Vested	33,600	—	—	—	—	—
Rights exercised	—	—	800	800	800	2,400
Expired	—	—	—	—	—	—
Outstanding as of March 31, 2019	33,600	36,600	31,800	31,400	15,800	29,800

(2) Price information

	Yen						U.S. Dollars					
Date of resolution	August 4, 2017	August 5, 2016	August 5, 2015	August 5, 2014	August 2, 2013	August 3, 2012	August 4, 2017	August 5, 2016	August 5, 2015	August 5, 2014	August 2, 2013	August 3, 2012
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	$0.009	$0.009	$0.009	$0.009	$0.009	$0.009
Average share price on exercising options	—	—	1,848	1,848	1,848	1,884	—	—	16	16	16	16
Fair valuation on grant date	1,885	1,165	1,690	1,995	1,780	850	16	10	15	17	16	7

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

(b) Method of Estimating the Number of Vested Stock Options

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

22. Income Taxes

The Company is subject to a number of income taxes, which, in aggregate, indicate a statutory tax rate in Japan of approximately 30.6% and 30.9% for the years ended March 31, 2019 and 2018, respectively.

(a) Deferred Tax Assets

Significant components of deferred tax assets and liabilities as of March 31, 2019 and 2018 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Deferred tax assets:			
Operating loss carryforwards (Note)	¥ 1,021	¥ 938	$ 9
Allowance for bonuses	883	809	7
Allowance for credit card point program	1,053	1,148	9
Allowance for doubtful accounts	3,225	3,003	29
Allowance for loss on interest repayment	267	315	2
Investment securities	265	290	2
Depreciation	665	672	5
Other	1,172	869	10
Less amounts offset against deferred tax liabilities	(3,932)	(4,033)	(35)
Subtotal	4,623	4,015	41
Valuation allowance for tax loss carryforwards (Note)	(1,021)	—	(9)
Valuation allowance for other deferred tax assets	(522)	—	(4)
Total valuation allowance	(1,543)	(1,415)	(13)
Total deferred tax assets	¥ 3,079	¥ 2,599	$ 27
Deferred tax liabilities:			
Assets for retirement benefits	¥(1,518)	¥(1,429)	$(13)
Valuation difference on available-for-sale securities	(2,410)	(2,598)	(21)
Other	(3)	(5)	(0)
Less amounts offset against deferred tax assets	3,932	4,033	35
Total deferred tax liabilities	¥ —	¥ —	$ —

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

As of March 31, 2019

	Millions of yen						
	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Loss carryforwards	¥175	¥110	¥118	¥25	¥99	¥492	¥1,021
Valuation allowance	(175)	(110)	(118)	(25)	(99)	(492)	(1,021)
Deferred tax assets	¥ —	¥ —	¥ —	¥—	¥—	¥ —	¥ —

Note: The amount of tax loss carryforwards is calculated by multiplying statutory tax rate.

As of March 31, 2019

	Millions of U.S. Dollars						
	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Loss carryforwards	$ 1	$ 0	$ 1	$ 0	$ 0	$ 4	$ 9
Valuation allowance	(1)	(0)	(1)	(0)	(0)	(4)	(9)
Deferred tax assets	$—	$—	$—	$—	$—	$—	$—

Note: The amount of tax loss carryforwards is calculated by multiplying statutory tax rate.

(b) Effective Tax Rates

A reconciliation of the statutory tax rates to the effective tax rates for the years ended March 31, 2019 and 2018 are as follows:

	2019	2018
Statutory tax rate	30.6%	30.9%
Reconciliation:		
Expenses not deductible for tax purposes	1.1%	1.0%
Nontaxable dividend income	(3.1)	(0.7)
Consolidation eliminations for dividends received	2.8	0.5
Inhabitants' taxes per capita	0.7	0.8
Increase/decrease in valuation allowance	1.5	1.1
Difference in tax rate between subsidiaries and parent company	(0.2)	(0.4)
Income taxes for prior periods	(0.6)	0.8
Loss on step acquisition	—	0.9
Amortization of goodwill	0.5	0.5
Other	0.4	0.3
Effective tax rate	33.7%	35.7%

23. Segment Information

(a) Segment Information

1. Overview of Reportable Segments

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

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

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

Previously, the Group had only a single reportable segment and segment information was not disclosed. However, considering the significance that is increasing for the overseas business, from the fiscal year ended March 31, 2019, the Company has changed its reportable segment classifications in order to present the domestic segment and the overseas segment separately. As a result, the segment information for the fiscal year ended March 31, 2018, is also presented using figures based on the new segment classifications.

2. Method for Calculating Amounts for Operating Revenues, Income and Loss, Assets, Liabilities and Other Items for Each Reportable Segment

The accounting method for reported business segments is largely the same as the method presented in Note 1, "Basis of Presenting the Consolidated Financial Statements" and Note 2, "Summary of Significant Accounting Policies."

Income presented for reportable segments is operating income adjusted for equity in earnings of affiliated companies.

3. Information about Operating Revenues, Income and Loss, Assets, Liabilities and Other Items for Each Reportable Segment

Year Ended March 31, 2019

	Millions of Yen				
	Reportable segment		Total	Adjustment amount (Note 1)	Amount presented in the consolidated financial statements (Note 2)
	Domestic	Overseas			
Operating revenue					
Operating revenue from non-affiliated third parties	¥ 130,236	¥ 15,600	¥ 145,836	¥ —	¥ 145,836
Inter-segment operating revenue and transfers	13	—	13	(13)	—
Total	¥ 130,249	¥ 15,600	¥ 145,849	¥ (13)	¥ 145,836
Segment income					
Operating income	¥ 14,062	¥ 1,587	¥ 15,649	¥ (1,278)	¥ 14,370
Equity in earnings (losses) of affiliated companies	—	(42)	(42)	—	(42)
Total	¥ 14,062	¥ 1,545	¥ 15,607	¥ (1,278)	¥ 14,328
Segment assets	¥4,717,895	¥109,482	¥4,827,378	¥(14,093)	¥4,813,284
Other items					
Depreciation and amortization	9,484	256	9,741	—	9,741
Amortization of goodwill	—	—	—	239	239
Interest received	33	11	44	(13)	31
Interest on loans payable and bonds payable	5,595	3,584	9,179	(3)	9,175
Interest on commercial papers	236	—	236	—	236
Non-operating income					
Gain on sales of investment securities	14	—	14	—	14
Non-operating loss					
Loss on retirement of noncurrent assets	468	3	471	—	471
Loss on sales of investment securities	24	—	24	—	24
Loss on valuation of investment securities	1	—	1	—	1
Loss on step acquisition	—	—	—	—	—
Impairment loss	183	—	183	—	183
Investment in equity-method affiliated companies	372	—	372	(131)	240
Increase in property, plant and equipment and intangible assets	12,885	245	13,130	—	13,130

Notes: 1. Adjustment amounts are as follows.

(a) The segment income adjustment amount of ¥(1,278) million comprises such items as adjustments to eliminate differences in accounting treatment between the parent company and subsidiaries amounting to ¥(1,035) million, and amortization of goodwill amounting to ¥(239) million.

(b) The segment asset adjustment amount of ¥(14,093) million comprises such items as elimination of inter-segment transactions amounting to ¥(14,384) million, other assets not allocated to each reportable segment amounting to ¥763 million, and adjustment to assets for retirement benefits amounting to ¥(456) million.

2. Segment income is operating income presented in the consolidated statements of income adjusted for equity in earnings (losses) of affiliated companies.

Year Ended March 31, 2018

	Millions of Yen				
	Reportable segment		Total	Adjustment amount (Note 1)	Amount presented in the consolidated financial statements (Note 2)
	Domestic	Overseas			
Operating revenue					
Operating revenue from non-affiliated third parties	¥ 123,224	¥10,826	¥ 134,051	¥ —	¥ 134,051
Inter-segment operating revenue and transfers	—	—	—	—	—
Total	¥ 123,224	¥10,826	¥ 134,051	¥ —	¥ 134,051
Segment income					
Operating income	¥ 11,770	¥ 1,030	¥ 12,801	¥ (121)	¥ 12,679
Equity in earnings (losses) of affiliated companies	—	(22)	(22)	—	(22)
Total	¥ 11,770	¥ 1,007	¥ 12,778	¥ (121)	¥ 12,657
Segment assets	¥4,122,747	¥83,240	¥4,205,987	¥(12,929)	¥4,193,058
Other items					
Depreciation and amortization	9,219	132	9,352	—	9,352
Amortization of goodwill	—	—	—	192	192
Interest received	23	32	55	—	55
Interest on loans payable and bonds payable	5,171	2,134	7,305	—	7,305
Interest on commercial papers	225	—	225	—	225
Non-operating income					
Gain on sales of investment securities	389	—	389	—	389
Non-operating loss					
Loss on retirement of noncurrent assets	108	—	108	—	108
Loss on sales of investment securities	—	—	—	—	—
Loss on valuation of investment securities	60	—	60	—	60
Loss on step acquisition	—	—	—	370	370
Impairment loss	—	—	—	—	—
Investment in equity-method affiliated companies	372	—	372	(66)	305
Increase in property, plant and equipment and intangible assets	9,208	317	9,525	1,297	10,823

Notes: 1. Adjustment amounts are as follows.
(a) The segment income adjustment amount of ¥(121) million comprises such items as amortization of goodwill amounting to ¥(192) million, and adjustments to eliminate differences in accounting treatment between the parent company and subsidiaries amounting to ¥70 million.
(b) The segment asset adjustment amount of ¥(12,929) million comprises such items as elimination of inter-segment transactions amounting to ¥(13,275) million, other assets not allocated to each reportable segment amounting to ¥1,104 million, and adjustment to assets for retirement benefits amounting to ¥(759) million.
(c) Adjustment amount of ¥1,297 million for the increase in property, plant and equipment and intangible assets comprises other assets not allocated to each reportable segment.
2. Segment income is operating income presented in the consolidated statements of income adjusted for equity in earnings (losses) of affiliated companies.

Year Ended March 31, 2019

	Millions of U.S. Dollars				
	Reportable segment		Total	Adjustment amount (Note 1)	Amount presented in the consolidated financial statements (Note 2)
	Domestic	Overseas			
Operating revenue					
Operating revenue from non-affiliated third parties	$ 1,173	$140	$ 1,313	$ —	$ 1,313
Inter-segment operating revenue and transfers	0	—	0	(0)	—
Total	$ 1,173	$140	$ 1,313	$ (0)	$ 1,313
Segment income					
Operating income	$ 126	$ 14	$ 140	$ (11)	$ 129
Equity in earnings (losses) of affiliated companies	—	(0)	(0)	—	(0)
Total	$ 126	$ 13	$ 140	$ (11)	$ 129
Segment assets	$42,503	$986	$43,489	$(126)	$43,362
Other items					
Depreciation and amortization	85	2	87	—	87
Amortization of goodwill	—	—	—	2	2
Interest received	0	0	0	(0)	0
Interest on loans payable and bonds payable	50	32	82	(0)	82
Interest on commercial papers	2	—	2	—	2
Non-operating income					
Gain on sales of investment securities	0	—	0	—	0
Non-operating loss					
Loss on retirement of noncurrent assets	4	0	4	—	4
Loss on sales of investment securities	0	—	0	—	0
Loss on valuation of investment securities	0	—	0	—	0
Loss on step acquisition	—	—	—	—	—
Impairment loss	1	—	1	—	1
Investment in equity-method affiliated companies	3	—	3	(1)	2
Increase in property, plant and equipment and intangible assets	116	2	118	—	118

Notes: 1. Adjustment amounts are as follows.

(a) The segment income adjustment amount of $(11) million comprises such items as adjustments to eliminate differences in accounting treatment between the parent company and subsidiaries amounting to $(9) million, and amortization of goodwill amounting to $(2) million.

(b) The segment asset adjustment amount of $(126) million comprises such items as elimination of inter-segment transactions amounting to $(129) million, other assets not allocated to each reportable segment amounting to $6 million, and adjustment to assets for retirement benefits amounting to $(4) million.

2. Segment income is operating income presented in the consolidated statements of income adjusted for equity in earnings (losses) of affiliated companies.

(b) Related Information

1. Information by Product or Service

Year ended March 31, 2019

	Millions of Yen					
	Credit card business	Installment sales finance business	Credit guarantee	Financing	Other Operations	Total
Operating revenue to third parties	¥33,337	¥43,939	¥40,767	¥10,467	¥17,324	¥145,836

Year ended March 31, 2018

	Millions of Yen					
	Credit card business	Installment sales finance business	Credit guarantee	Financing	Other Operations	Total
Operating revenue to third parties	¥32,142	¥35,319	¥41,552	¥10,639	¥14,398	¥134,051

Year ended March 31, 2019

	Millions of U.S. Dollars					
	Credit card business	Installment sales finance business	Credit guarantee	Financing	Other Operations	Total
Operating revenue to third parties	$300	$395	$367	$94	$156	$1,313

2. Information by Geographical Area

(1) Operating revenue by geographical area

Same information is provided in the segment information table shown above.

(2) Property, plant and equipment by geographical area

This information has been omitted because the amount of property, plant and equipment located in Japan accounted for more than 90% of the consolidated total as of March 31, 2019 and 2018.

3. Information about Major Customers

No single customer accounted for 10% or more of operating revenue in the consolidated statements of income for the years ended March 31, 2019 and 2018.

(c) Information Relating to Impairment Loss on Noncurrent Assets by Reportable Segment

Year Ended March 31, 2019

This information is omitted since it is presented within segment information.

Year Ended March 31, 2018

Not applicable

(d) Information Relating to Amount of Amortization of Goodwill and Balance of Unamortized Goodwill by Reportable Segment

Year Ended March 31, 2019

Millions of Yen

	Domestic	Overseas	Corporate / eliminations	Total
Amortization amount during period	¥—	¥—	¥239	¥239
Balance at end of period	¥—	¥—	¥763	¥763

Year Ended March 31, 2018

Millions of Yen

	Domestic	Overseas	Corporate / eliminations	Total
Amortization amount during period	¥—	¥—	¥192	¥192
Balance at end of period	¥—	¥—	¥1,104	¥1,104

Year Ended March 31, 2019

Millions of U.S. Dollars

	Domestic	Overseas	Corporate / eliminations	Total
Amortization amount during period	$—	$—	$2	$2
Balance at end of period	$—	$—	$6	$6

(e) Information Relating to Amount of Amortization of Negative Goodwill and Balance of Unamortized Negative Goodwill by Reportable Segment

Year Ended March 31, 2019

Not applicable

Year Ended March 31, 2018

Not applicable

24. Related Party Transactions

Transactions with a major shareholder of the Company are as follows:

Year ended March 31, 2019

Name of company	Transactions	Transaction amount Millions of Yen (Millions of U.S. Dollars)	Accounts	Balance at end of fiscal year Millions of Yen (Millions of U.S. Dollars)
MUFG Bank, Ltd.	Short-term and long-term borrowing via loans	¥1,206,651 ($10,870)	Short-term loans payable	¥92,009 ($828)
			Current portion of long-term loans payable	21,300 (191)
			Long-term loans payable	208,858 (1,881)
	Borrowing via commercial paper	140,000 (1,261)	Commercial papers	70,000 (630)
	Payment of interest	2,528 (22)	Prepaid expenses	12 (0)
			Accrued expenses	95 (0)
	Loan guarantees (net)	6,099 (54)	Finance payable–credit guarantee	56,863 (512)
	Receipt of guarantee fee	451 (4)	—	—

Notes: 1. Transaction terms and method of determining transaction terms
Interest rates on borrowings from The MUFG Bank, Ltd. are determined based on market rates. Borrowings from The MUFG Bank, Ltd. are determined by resolutions of the Board of Directors and the Company's rules in the same manner as fundraising carried out from other banks.
Loan guarantee fee rates are determined based on the terms generally applied to other transactions.
2. Only material transactions are presented.
3. MUFG Bank, Ltd. directly holds 20.34% of voting rights of the Company as of March 31, 2019.

Year ended March 31, 2018

Name of company	Transactions	Transaction amount Millions of Yen	Accounts	Balance at end of fiscal year Millions of Yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Short-term and long-term borrowing via loans	¥520,884	Short-term loans payable	¥48,911
			Current portion of long-term loans payable	4,419
			Long-term loans payable	161,300
	Borrowing via commercial paper	140,000	Commercial papers	70,000
	Payment of interest	1,750	Prepaid expenses	11
			Accrued expenses	67
	Loan guarantees (net)	5,981	Finance payable–credit guarantee	50,960
	Receipt of guarantee fee	404	—	—

Notes: 1. Transaction terms and method of determining transaction terms
Interest rates on borrowings from The Bank of Tokyo-Mitsubishi UFJ, Ltd. are determined based on market rates. Borrowings from The Bank of Tokyo-Mitsubishi UFJ, Ltd. are determined by resolutions of the Board of Directors and the Company's rules in the same manner as fundraising carried out from other banks.
Loan guarantee fee rates are determined based on the terms generally applied to other transactions.
2. Only material transactions are presented.
3. The Bank of Tokyo-Mitsubishi UFJ, Ltd., directly holds 20.29% of voting rights of the Company as of March 31, 2018.
4. The Bank of Tokyo-Mitsubishi UFJ, Ltd., changed its company name to MUFG Bank, Ltd., on April 1, 2018.

Transactions with a subsidiary of the Company's major shareholder are as follows:

Year ended March 31, 2019

Name of company	Transactions	Transaction amount Millions of Yen (Millions of U.S. Dollars)	Accounts	Balance at end of fiscal year Millions of Yen (Millions of U.S. Dollars)
Mitsubishi UFJ Trust and Banking Corporation	Borrowing via commercial paper	¥26,000 ($234)	Commercial papers	¥13,000 ($117)
	Payment of interest	7 (0)	Prepaid expenses	1 (0)
	Loan guarantees (net)	3,554 (32)	Finance payable–credit guarantee	137,740 (1,240)
	Receipt of guarantee fee	4,065 (36)	—	— (—)

Notes: 1. Transaction terms and method of determining transaction terms
Interest rates on borrowings from Mitsubishi UFJ Trust and Banking Corporation are determined based on market rates. Borrowings from Mitsubishi UFJ Trust and Banking Corporation are determined by resolutions of the Board of Directors and the Company's rules in the same manner as fundraising carried out from other banks.
Loan guarantee fee rates are determined based on the terms generally applied to other transactions.
2. Only material transactions are presented.
3. Mitsubishi UFJ Trust and Banking Corporation directly holds 1.63% of voting rights of the Company as of March 31, 2019.

Year ended March 31, 2018

Name of company	Transactions	Transaction amount Millions of Yen	Accounts	Balance at end of fiscal year Millions of Yen
Mitsubishi UFJ Trust and Banking Corporation	Short-term and long-term borrowing via loans	¥541,400	Short-term loans payable	¥35,900
			Current portion of long-term loans payable	7,400
			Long-term loans payable	27,200
	Borrowing via commercial paper	27,000	Commercial papers	13,000
	Payment of interest	374	Prepaid expenses	2
			Accrued expenses	5
	Loan guarantees (net)	8,707	Finance payable–credit guarantee	134,186
	Receipt of guarantee fee	4,561	—	—

Notes: 1. Transaction terms and method of determining transaction terms
Interest rates on borrowings from Mitsubishi UFJ Trust and Banking Corporation are determined based on market rates. Borrowings from Mitsubishi UFJ Trust and Banking Corporation are determined by resolutions of the Board of Directors and the Company's rules in the same manner as fundraising carried out from other banks.
Loan guarantee fee rates are determined based on the terms generally applied to other transactions.
2. Only material transactions are presented.
3. Mitsubishi UFJ Trust and Banking Corporation directly holds 1.63% of voting rights of the Company as of March 31, 2018.

25. Investment and Rental Properties

Disclosure has been omitted since this is considered immaterial.

26. Per Share Information

	Yen		U.S. Dollars
	2019	2018	2019
Net assets per share*	¥4,388.98	¥4,242.44	$39
Net income per share—Basic	260.13	227.32	2
Net income per share—Diluted	258.79	226.22	2

Note: Net assets per share and net income per share have been calculated based on the assumption that the reverse stock split (consolidation of shares) executed by the Company on October 1, 2017 (at a ratio of 1-for-5 shares of common stock) had been carried out at the beginning of the fiscal year ended March 31, 2018.

The basis for calculating net income per share and net assets per share for the years ended March 31, 2019 and 2018 are as follows:

Net income per share

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Net income attributable to owners of the parent	¥ 8,955	¥ 7,859	$80
Net income applicable to common shares	8,955	7,859	80
Average number of common shares during period (thousands of shares)	34,426	34,577	—
Increase in number of common shares: (thousands of shares)	178	166	—
(of which subscription rights to shares: (thousands of shares))	(178)	(166)	—

Net assets per share

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Total net assets	¥156,738	¥153,123	$1,412
Amounts deducted from total net assets:	5,903	6,229	53
(of which subscription right to shares)	(275)	(266)	(2)
(of which non-controlling interest)	(5,627)	(5,963)	(50)
Net assets applicable to common shares	150,835	146,894	1,358
Number of common shares at the end of the fiscal year used in calculation of net assets per share (thousands of shares)	34,366	34,624	—

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of JACCS Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2019 and 2018, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of JACCS Co., Ltd. and its consolidated subsidiaries as at March 31, 2019 and 2018, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2019 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1. "Basis of Presenting the Consolidated Financial Statements" to the consolidated financial statements.

KPMG AZSA LLC

June 27, 2019
Tokyo, Japan

ORGANIZATION

(As of July 1, 2019)

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

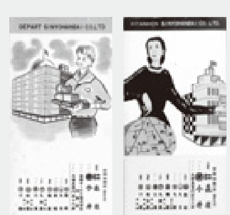
HISTORY

(As of July 1, 2019)

1950

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

Founders
Masajiro Ibe
Tatsuya Watanabe
Kaname Yamane


Brochures

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

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

1960

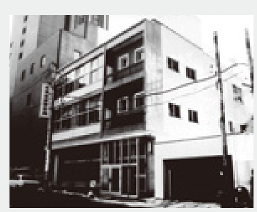
Mar. 1969
In collaboration with large manufacturers, began providing a full-fledged shopping credit service

1970

June 1972
Began housing loan operations

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

Apr. 1973
Shares listed on the Sapporo Securities Exchange


Sapporo Securities Exchange

Aug. 1975
Head office functions transferred to Tokyo


Tokyo head office

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

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

1980

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

JACCS' internationally accepted credit cards

1990

Jan. 1991
Began issuing JACCS JCB Card

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


Head office, Ebisu Neonato

2000

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


JANET

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

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

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

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

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

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

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

Apr. 2017
Commenced acquiring operations for Mastercard and Visa merchants

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

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


A member store in Cambodia

CORPORATE DIRECTORY

(As of July 1, 2019)

Name: JACCS CO., LTD.

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

Founded: June 29, 1954

Paid-in Capital:
¥16,138 million (US$145 million)

Registered Head Office:
2-5, Wakamatsu-cho, Hakodate,
Hokkaido 040-0063, Japan

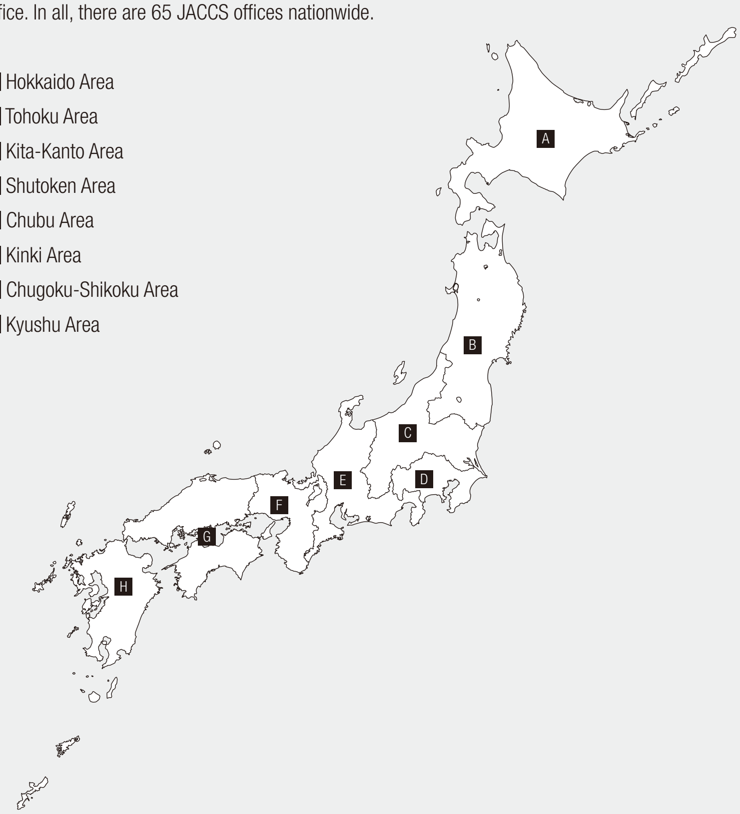
Principal Executive Office:
Ebisu Neonato Bldg.,
1-18, Ebisu 4-chome, Shibuya-ku,
Tokyo 150-8932, Japan
Phone: (03) 5448-1311

Number of Employees: (As of March 31, 2019)
2,707 (Parent)
5,721 (Consolidated)

The JACCS Services Network

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

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



Associated Companies:

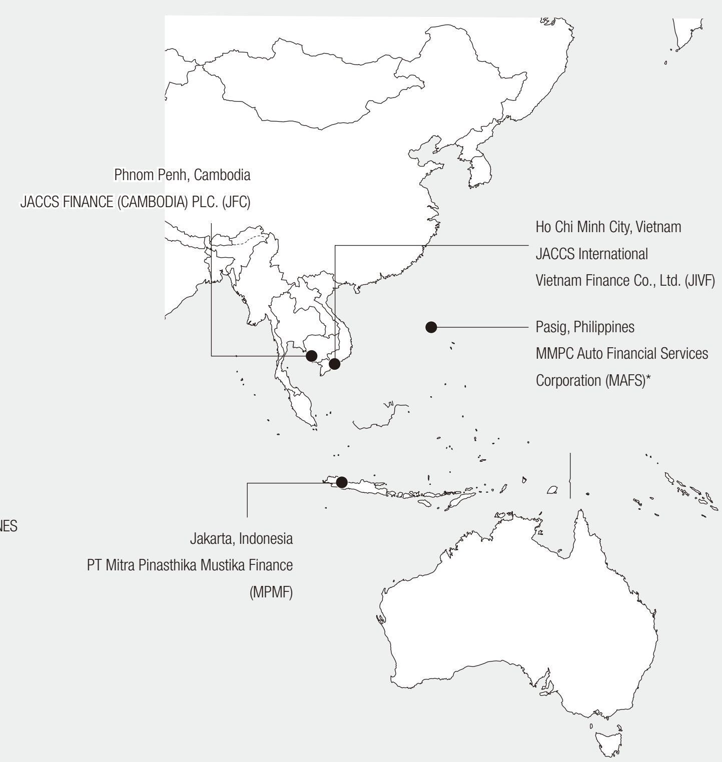
Domestic:
JACCS Total Service Co., Ltd.
JACCS Lease Co., Ltd.
JACCS Loan-Collection Service Co., Ltd.
JACCS Payment Solutions Co., Ltd.

Overseas:

Consolidated Subsidiaries
JACCS International Vietnam Finance Co., Ltd. (Equity stake: 100%)
PT Mitra Pinasthika Mustika Finance (Equity stake: 60%)
JACCS FINANCE (CAMBODIA) PLC. (Equity stake: 100%)

Equity-Method Affiliate
MMPC Auto Financial Services Corporation (Equity stake: 20%)*

* Converted into a consolidated subsidiary and changed its name to JACCS FINANCE PHILIPPINES CORPORATION (equity stake: 65%) on July 3, 2019



INVESTOR INFORMATION

(As of March 31, 2019)

Number Of Shareholders:
6,312

Shares Outstanding:
35,079,161

Share Unit:
100 shares*

Stock Listing:
Tokyo Stock Exchange (First Section)

Securities Identification Code:
8584

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

* 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, and changed the number of shares per share unit from 1,000 shares to 100 shares.

Principal Shareholders:

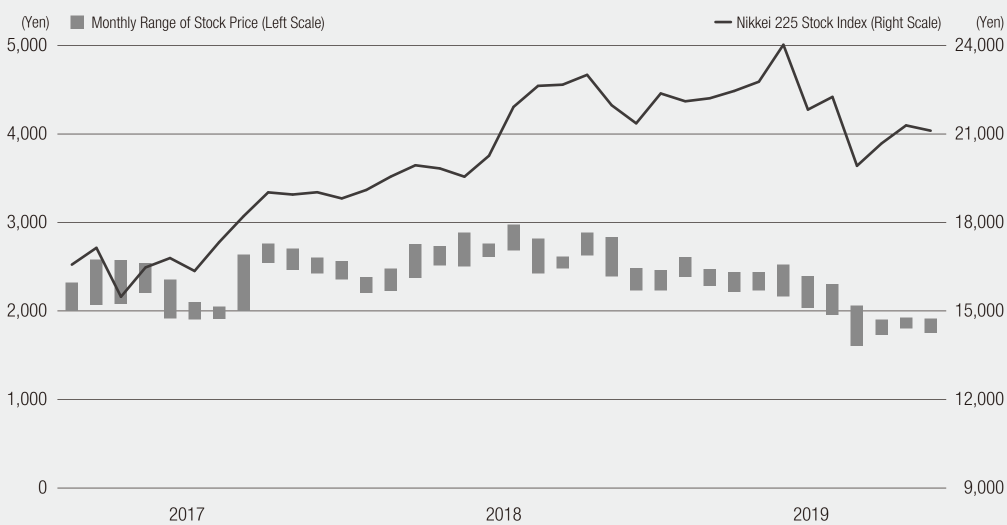
Name of Shareholders	Number of Shares Held (Thousands)	Percentage of Ownership*
MUFG Bank, Ltd.	7,015	20.31%
Japan Trustee Services Bank, Ltd. (Trust Account)	2,235	6.47
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,523	4.41
The Dai-ichi Life Insurance Company, Limited	1,359	3.94
Meiji Yasuda Life Insurance Company	1,275	3.69
Shareholding Association of JACCS	1,268	3.67
JACCS Co., Ltd. Employee Stock Ownership Association	835	2.42
Japan Trustee Services Bank, Ltd. (Trust Account 9)	770	2.23
Nippon Life Insurance Company	588	1.70
Mitsubishi UFJ Trust and Banking Corporation	564	1.63

* The percentage of ownership is calculated excluding the number of treasury stock (533 thousand shares).

Common Stock Price Range*: (Tokyo Stock Exchange)

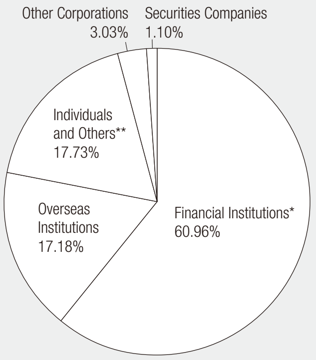
(Years ended March 31)

	2017		2018		2019	
	High	Low	High	Low	High	Low
First quarter	¥2,600	¥2,025	¥2,775	¥2,225	¥2,633	¥2,258
Second quarter	2,565	1,925	2,905	2,525	2,544	2,185
Third quarter	2,780	1,930	2,997	2,446	2,418	1,629
Fourth quarter	2,725	2,380	2,905	2,254	1,948	1,753



* 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, and changed the number of shares per share unit from 1,000 shares to 100 shares. To facilitate comparison of share prices prior and subsequent to the reverse stock split, prices presented for periods prior to October 2017 have been multiplied by a factor of five.

Stock Held by Investor Type



* The Financial Institutions category includes 6,316 thousand shares (18.03%) held under trust accounts. This includes investment trusts (2,390 thousand shares) and pension fund trusts (321 thousand shares).

** The Individuals and Others category includes 533 thousand shares (1.52%) of treasury stock.

Cash Dividends*:

(Years ended March 31)

	2017	2018	2019
Yearly	¥75.00	¥80.00	¥80.00
Interim	37.50	40.00	40.00

* 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, and changed the number of shares per share unit from 1,000 shares to 100 shares. To facilitate comparison of cash dividends prior and subsequent to the reverse stock split, cash dividends presented for periods prior to October 2017 have been multiplied by a factor of five.

Seed the Future.

JACCS

Registered Head Office:
2-5, Wakamatsu-cho, Hakodate,
Hokkaido 040-0063, Japan

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

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