A member of MUFG

JACCS 70th ANNIVERSARY

INTEGRATED REPORT 2024

For the Fiscal Year Ended March 31, 2024













JACCS 70th ANNIVERSARY

Seventy Years of Continuous Transformation to Meet the Changing Needs of Our Customers and Society

Founded 70 years ago in Hakodate, Japan, JACCS has earnestly driven its business forward, dedicated to its mission to enrich the lives of its customers.

During these seven decades, the Japanese economic environment was subjected to a wave of major changes, including the period of high economic growth, the oil shock, the “bubble” economy, and the lost 30 years that followed. Amid these changes, JACCS has steadily adapted to evolving customer needs and has continued to achieve sustainable growth by transforming, diversifying, and globalizing its business portfolio, without being overtaken by these waves.

To contribute to the realization of “a future inspired by dreams and an affluent society,” JACCS endeavors to the fullest extent to provide convenient, high-value-added products that cater to a wide variety of lifestyle needs.











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70 Years of Value Creation

The history of the JACCS Group over the past 70 years has been one of ceaseless challenge to enhance convenience for consumers. This has been underpinned at the foundations of all our businesses by JACCS' founding philosophy, "Trust is the basis for all."

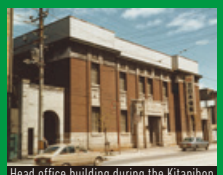
70th ANNIVERSARY



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

1954 Credit Business

Began monthly installment credit service for use at department stores based on the issuance of installment shopping coupons to members who have joined through their workplace



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

1959 Financing Business

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

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

1972
Began housing loan operations

1976
Commenced handling auto loans

1970 Credit Card and Payments Business

Issuance of credit cards

(CY) 1954 | 1960 | 1970 | 1976 | 1980

The Course Steered by JACCS

1954
Business founded in Hakodate, Hokkaido

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

1972–
Entered the Tokyo market, and commenced nationwide operations



Transferred head office functions to Tokyo

Rolled out new products and services that enhanced consumer convenience

Addressing Social Issues

Operating Environment

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

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

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

Total Operating Revenue
¥184.7 billion


Head office, Ebisu Neonato

2010

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

Cash Dividends per Share
¥220
(including a commemorative cash dividend of ¥10 per share)



JACCS' internationally accepted credit cards

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

1991
Began issuing JACCS JCB Card

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

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

2014
Entered the deferred-payment settlement services market

2017
Commenced acquiring operations for MasterCard and Visa merchants

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

2023
Released House Pay

1990 2000 2010 2020

1990–
Remained fully focused on the consumer credit business without being drawn into real estate investment

Not directly affected by the collapse of Japan's real estate-driven "bubble" economy

1997
Lowered interest rates on credit card cash advances

Implemented measures to deal with increase in personal bankruptcies, and acquired members based on strategic differentiation

2001–
JACCS' core computer system, named "JANET," commences operations

Increased sophistication in the management of customer and sales information, and enhanced precision in credit screening led to a significant decrease in the risk of doubtful accounts

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

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

1998
Started handling solar loans

2019
Issued green bonds (funding necessary for green projects)

2023
Announced support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

2023
Signed the credit industry's first Positive Impact Finance (a financing type combining loans and investments for corporations with no restrictions on the use of funds) agreement with MUFG Bank, Ltd.

2024
Established the JACCS Group Human Rights Policy

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

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

2006
Revision of Japan's Money Lender Business Law

2008
Revision of the Installment Sales Law and Specified Commercial Transactions Law

Global financial crisis

2011
Great East Japan Earthquake

2013
Bank of Japan (BOJ) embarks on quantitative easing

2014, 2019
Increase in Japan's consumption tax rate

2020
COVID-19 global pandemic

2024
BOJ ends negative interest rate policy
First interest rate hike in 17 years

To Our Stakeholders



Ryo Murakami
President, COO and Representative Director

Toru Yamazaki
Chairman, CEO and Representative Director

Based on changes in the operating environment, we are conducting a fundamental review of the Group's business structure, thereby working to maximize corporate value.

Message from the President

Review of fiscal 2023

The JACCS Group achieved the target for consolidated total operating revenue set in its three-year medium-term business plan, "MOVE 70," one year ahead of schedule.

Management awareness of conditions prevailing in the operating environment

In fiscal 2023, there were four major changes in the operating environment that had diverse impacts on JACCS' business performance.

The first major change was the Japanese government's reclassification of COVID-19 as a Class 5 infectious disease under the Infectious Diseases Control Law. This regulatory change helped to stimulate economic activity, which resulted in an increase in the volume of new contracts for credit card shopping, particularly in such sectors as travel and food service. The second major change in the macro environment was rising commodity prices. Although there was concern that this would lead to a slowdown in personal consumption, the impact was limited, and the Group was able to achieve an increase in the volume of new contracts. The third major trend was further depreciation in the value of the Japanese yen. Imported vehicles account for approximately half of the volume of new contracts of JACCS' auto loans. While there was apprehension regarding potential price rises for imported vehicles, performance was underpinned by the Group's diverse array of imported auto brand partners, and hence the overall volume of new contracts for imported vehicles did not decrease. The fourth and final key macro trend was rising interest rates. As market expectations focused on the likely ending of the Bank of Japan's negative interest rate policy sometime around March 2024, JACCS moved from an early stage during the first half of fiscal 2023, to raise interest fees in its credit business. Although interest rate increases have some impact on the volume of new contracts, we have recognized that this is an opportune time to transition to a future strategy for the credit business that focuses on quality rather than quantity.

Evaluation of business performance

The key drivers of operating revenue were auto loans and housing loans. In recent years, we have steadily built up the balance of deferred installment income in auto loans and the balance of guarantees in housing loans. These balances are underpinning current growth in operating revenue. Hence, we have been successful in building a recurring revenue model in these businesses, and this is evident in the steady top-line growth we have recorded. In addition, the Group has increased both the volume of new contracts and operating revenue in its overseas business, and this has also contributed to top-line growth.

On the expenses side, expenses related to doubtful accounts are on a rising trend. However, in the domestic business, the ratio of receivables in arrears is not increasing, meaning the level of increase remains within the expected range stemming from growth in the balance of operating receivables. Consequently, we judge that this does not represent an issue of particular concern. During the two-year period of the COVID-19 pandemic, while the balance of operating receivables rose, customers tended to limit their leisure-related expenditures, which held down the occurrence of claims in arrears. Although this led to a favorable operating environment for JACCS, in the post-COVID environment we are taking a cautious view in which we expect a certain amount of increase in claims in arrears during 2024 and 2025 accompanying the increase in the balance of operating receivables. In the overseas business, while the balance of operating receivables is also rising, in contrast to the domestic business the rate of increase in claims in arrears is faster than the rate of growth in the balance of operating receivables, Consequently, we are currently implementing a range of measures aimed at improving this situation. With regard to financial costs, in the fiscal year under review, growth in the level of financial costs reflected the increase recorded in the balance of operating receivables rather than being driven by the impact of rising interest rates.

Based on the factors outlined above, although expenses rose by approximately ¥10.0 billion, the top line grew by approximately ¥11.2 billion. Hence, on a consolidated basis, we achieved an increase in total operating revenue for the 11th consecutive fiscal year, and a new record high for net income attributable to owners of the parent for the third consecutive fiscal year. On a non-consolidated basis, we recorded the seventh consecutive increase in total operating revenue, and the seventh consecutive record high for net income.

The Group's Mission, Vision, and Values underpin sustainable growth

We will continue to nurture a corporate culture that places trust and reliability above all else.

I believe that JACCS' achievement in reaching the 70th anniversary of its founding is the result of it consistently adhering to JACCS' founding philosophy of "Trust is the basis for all." However, I should point out that the Company did not undertake any specific programs aimed at firmly establishing this philosophy within the Company. JACCS' corporate culture is based on each generation of employees setting an example—through the way they work—for those who follow them. Hence, the corporate culture is absorbed through day-to-day work and passed on to each successive generation. The strength of this culture is often reflected in such situations as when sales staff pay a courtesy visit to a member store, and we receive a comment such as, "JACCS staff have a high level of integrity." I am extremely happy whenever I hear such

a compliment. We will continue to nurture a corporate culture that places trust and reliability above all else. "Trust is the basis for all" was established as the Company creed by JACCS' first president, Masajiro Ibe, when he was appointed to the position. President Ibe also adopted the motto of "Steady progress will take us far." I believe that this motto is a succinct description of JACCS' business philosophy. By building on this motto, which has served JACCS well for over 70 years, and updating it for the current era, we have created JACCS' current corporate slogan, "Seed the Future." I am personally very fond of this phrase, and I believe that it wonderfully embodies the Company's founding philosophy while at the same time transforming it into a metaphor that can be easily internalized by our employees today. At present, we are in the process of formulating our next medium-term business plan. In the foreseeable future we do not intend to change our long-term vision, which is the broad concept underpinning the plan. Based on a new strategy design, we will continue striving to "Establish JACCS' position as a leading brand among Asian consumer finance companies."

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

We are acutely aware that progress is uneven among the programs we have implemented.

As we move toward the completion of "MOVE 70," significant changes have occurred in the operating environment that greatly exceed the assumptions we made when formulating "MOVE 70." These include such factors as the extent of the yen's weakening, the rise in interest rates on fundraising, and changes in trends for claims in arrears. Below, I will summarize the situation for progress*1 in the main areas of "MOVE 70" during fiscal 2023, which was the second year of "MOVE 70."

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

We successfully utilized robotic process automation system and rolled out such new technologies as interactive voice response system, and are pursuing increased efficiency in such back-office functions as customer service, credit screening and receivables collection. Underpinned by these initiatives, we were able to curb expenses even as the volume of new contracts and operating revenue recorded robust growth. Although there are still outstanding issues in relation to the rising trend for interest and various other costs, we assigned an "A" progress evaluation.

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

In the overseas business, although we faced the challenge of executing the rapid development of smartphone-based tools for submitting credit applications, this process was completed, which improved credit-screening speed. With regard to the issue of inhibiting occurrence of claims in arrears, we worked to enhance the precision of credit extension by introducing a scoring system at the beginning of the application process. Although we implemented programs within both the sales and screening functions, the results of these measures have yet to show up in business performance. Hence, we assigned a progress evaluation of "C."

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

In the area of strengthening our partnership with Mitsubishi UFJ Financial Group (MUFG), we do not limit collaboration to fundraising. We are developing close relationships with MUFG companies in such fields as securities, trusts, consulting and leasing, bringing JACCS tangible benefits as a member of the MUFG Group. With regard to the promotion of digital transformation (DX) strategy, the number of employees participating in the program to develop human resources with advanced digital skills is greater than we initially anticipated. Although the realization of specific ideas that will lead to the generation of new earnings is still some way off, we intend to steadily continue our pursuit of DX initiatives.

In the sphere of increasing the sophistication of our risk management system, although implementation is still incomplete, we have begun disclosure relating to capital policy, covering such areas as business portfolio management and risk appetite. With regard to enterprise risk management (ERM), we have adopted a strategy of "offensive risk-taking," which JACCS has to date not proactively pursued, such as M&A and equity investments. As we examine a range of potential projects, we intend to further strengthen our efforts in the area of ERM as we work to realize future growth opportunities. Based on the initiatives outlined above, we assigned a "B" progress evaluation.

4. Promote ESG management

JACCS possesses strengths in such fields as solar loans and loans for storage batteries and electric vehicles (EVs). These business activities contribute to sustainability, and we intend to continue to promote such initiatives. In an environment in which the importance of human capital management continues to increase, in April 2024 JACCS implemented a major overhaul of its human resources system, including improvements focusing on wage differentials between various roles. In addition, we made sound progress in promoting a KPI-driven approach, which is a core part of our ESG initiatives. Consequently, we assigned a "B" progress evaluation.

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



Awareness of the operating environment in 2024 and beyond, and direction of business strategy

Based on changes in the fundraising environment, in parallel with raising interest rates JACCS will undertake a fundamental overhaul of its business structure.

In the opening part of this review, I touched upon management's awareness of major trends in the macro environment that affect JACCS' business, including a weakening yen and interest rate trends. These are issues that we must address with a keen focus.

We now anticipate that we will substantially fall short of the targets initially set for the final year of the plan at the time we formulated "MOVE 70." In particular, with regard to interest rates, over the past 17 years there has not been an increase in the BOJ policy interest rate, while during the most recent eight years the BOJ has pursued a negative interest rate policy. This environment has greatly benefited JACCS. The primary example of this has been the credit business, where we have pursued a strategy that takes advantage of significant leverage. However, we are now moving into an era in which such a strategy will no longer be viable. For JACCS, a financial strategy that primarily takes into consideration a broad array of fundraising methods will take on the greatest level of importance.

Accompanying this, the most significant tasks will be to promote variable interest rates and implement fee increases. In Japan's consumer credit industry, the most common type of credit products use fixed-interest charges. However, JACCS has begun to introduce variable-interest charges for products with long repayment periods. In addition, we are pursuing increases in the fees we charge to member stores. However, one of the characteristics of the earnings structure of the credit business is that income is deferred based on the length of the repayment period. Consequently, the effects of an increase in charges are subject to a time lag. In contrast, the increase in financial expenses driven by rises in fundraising interest rates appear earlier than income increases resulting from the raising of interest charges. Consequently, in the credit business—in which the Company invests a large amount of management resources in its sales and credit screening systems—to bridge the aforementioned gap we are simultaneously raising interest charges and preparing for a fundamental overhaul of our business structure in order to bring costs into line with revenue. Meanwhile, we are also studying the strengthening of businesses that do not require fundraising, while working to expand each field. We aim to further strengthen business portfolio management as a means of ensuring our ability to generate profits in each field even if operating environment conditions change. Through these efforts, we are working to maximize profitability.

Toward the realization of management that is conscious of cost of capital and stock price

We will lay out a clear growth strategy, and work to achieve steady shareholder return.

With regard to cost of capital, JACCS focuses on the cost of shareholders' equity. Although the stock price has risen compared with the pre-COVID period, the price-to-book (P/B) ratio remains below 1.

Return on equity (ROE) has been rising in recent years, driven by higher net income. This was underpinned by strengthened business portfolio management and the Company's success in restraining costs during the COVID-19 pandemic. In our judgment, ROE exceeds the level of cost of shareholder's equity. Meanwhile, since financial leverage has reached 17 times, while using off-balance-sheet securitization of receivables we are improving profitability through asset replacement. Hence, we are working to improve return on assets (ROA). As part of our efforts to improve the P/B ratio, we will clearly articulate JACCS' growth strategy to enable us to increase the stock price, which may be seen as a reflection of the trust placed in the Company vis-à-vis continuing growth. Furthermore, we fully recognize the importance of achieving sound shareholder return. With regard to the aforementioned growth strategy—and specifically the next medium-term business plan—our senior management team is currently leading the process to formulate this plan. As I have explained previously, business strategy must be underpinned by financial strategy. Hence, the foundation underpinning discussions for the formulation of the plan is the replacement of assets that we have built up over the past 17 years.

To Our Stakeholders

Results of DX

From DX focused on cost reduction to DX that aims to grow the top line.

With regard to DX, we have reached a stage at which the focus of DX promotion is undergoing a transition from cost reduction to facilitating top-line growth. In relation to human resources with advanced digital skills, which I briefly touched on earlier in this review, we are now in the process of selecting the leadership tier, who will form the core of our DX promotion. This is part of our efforts toward the promotion of DX in its true sense, as we anticipate the creation of a culture in which DX ideas can be generated with even greater freedom. With regard to the DX Promotion Department, which we established in 2020 as the core organizational unit tasked with promoting DX under the supervision of the Corporate Planning Department, since it has largely completed the Groupwide cross-functional process to reduce costs, we have transferred reporting for the DX Promotion Department to the Business Strategy Department. This change is aimed at facilitating a greater focus on growing the top line. In this way, by aligning human resources and organizational structure, the main vector for DX promotion will form here on focus on DX in its true sense—emphasizing overall top-line growth.

Initiatives for sustainability

JACCS signed a virtual power purchase agreement (PPA) relating to renewable electricity—a first for Japan's consumer credit industry.

As part of JACCS' initiatives relating to sustainability management, the following is an explanation of our approach to materiality.

Protecting the environment and contributing to the realization of a decarbonized society

Based on the recognition that efforts focused on environmental issues will also ultimately lead to reduced cost of capital, we believe that within the management of the business we must view environmental response and business operations as being directly linked. In the credit business, we are expanding the volume of new contracts in such fields as environment-friendly goods, solar power generation systems, storage batteries, and EVs. JACCS boasts a high market share in these categories. In fundraising, too, we are promoting the use of sustainable finance.

In addition, as one of the Group's recent major initiatives, in May 2024 we concluded a non-fossil certificate transfer agreement for renewable energy (virtual PPA) with Mitsubishi HC Capital Energy Inc. This was a first within Japan's consumer credit industry, and relates to renewable electricity. The solar power generation facility to be installed under this agreement has an estimated annual generation capacity of approximately 1.5 million kWh, and JACCS will acquire this environmental value. This is equivalent to approximately 27% of JACCS' total annual electricity demand in Japan, which amounts to 5.28 million kWh (in fiscal 2022). Hence, on a virtual basis the agreement will enable JACCS to meet approximately 27% of its electricity needs domestically with renewable energy. Since JACCS operates in a non-manufacturing sector, it is not directly responsible for large environmental damage. Viewed from another perspective, this means we have only limited direct opportunities to make environmental contributions. In the future, we intend to continue to pursue opportunities for environmental contribution, both within our business operations and outside our scope of operations.

Respecting diversity and human rights

In April 2024, we implemented reforms of our human resources system as part of efforts to create a work environment that promotes job satisfaction. In addition, in March 2024 we established the JACCS Group Human Rights Policy. Owing to a diversification of human rights issues, the importance of respecting human rights within corporate activities is increasing. In light of this, after conducting a series of discussions with the Company's outside directors, we formulated the human rights policy.

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

With regard to information security, when a problem arises, this may cause trouble for both customers and member stores. Consequently, we recognize information security as one of our highest priority tasks. With regard to computer system disruptions, at present we maintain a system under which I personally receive reports within one or two days, regardless of whether it is a major or minor incident. Since JACCS handles a large amount of personal data, even a single data leak has the potential to instantaneously cause the loss of the trust we have built up over 70 years. Regarding the overseas business, we have established a system whereby a wide range of parent-company departments are involved in monitoring information security. These include the domestic Systems Management Department, the Risk Supervisory Department, and the Audit Office.

Advancing the quality of corporate governance

JACCS is not a "Company with Committees" as defined by Japan's Companies Act. The Board of Directors has engaged in discussions relating to organizational design, and after taking into consideration the effectiveness of the current corporate governance system, we have come to the conclusion that an early transition to a "Company with Committees" is unlikely to be necessary. In recent years, outside of Japan the committee-based governance structure has become the mainstream form, and from time to time we receive comments from overseas investors questioning whether Audit & Supervisory Board members—who do not have voting rights—are able to monitor and supervise the executive management side. However, in our present judgment, the current governance structure and organizational design are adequate and present no significant problems.

With regard to the Board of Directors, at present there are two female outside directors. While we recognize a wide range of issues that must be addressed as we move toward the realization of greater diversity in Board membership—including the proportion of outside directors—among these issues the most pressing theme we see is how to ensure that suitable female candidates are able to emerge from within the Company's internal management ranks. We believe, based on the situation within the Company, that this issue will still take a little more time to resolve.

Shareholder return

We will strive to provide shareholder return through stable and continuous dividends.

Total cash dividends per share attributable to fiscal 2023, amounted to ¥220.00 per share. This comprised an ordinary cash dividend of ¥210.00 per share and a commemorative cash dividend to mark the 70th anniversary of the Company's founding of ¥10.00 per share.

Under "MOVE 70," we set an approximate consolidated dividend payout ratio of 30%. However, in November 2023, as part of "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," the Company announced a strengthening of its policy on shareholder return. In accordance with this, JACCS raised the approximate consolidated dividend payout ratio to 35%. With regard to fiscal 2024, based on the revised operating performance forecasts announced on August 7, 2024, regrettably, forecast full-year cash dividends have been revised to ¥180.00 per share, compared with the previous forecast of ¥210.00 per share. For 15 consecutive years up until fiscal 2023, JACCS was able to implement either dividend increases or unchanged dividends. Hence, it is with great disappointment that on this occasion we must announce a dividend-reduction forecast. To all our shareholders, we reiterate our commitment to providing shareholder return through stable and continuous dividends, and ask for your understanding on this occasion.

A message to all our stakeholders

Working to achieve a certain level of progress in our overhaul of the business structure during the fiscal year in progress, and establish a structure suitable for the launch of the next medium-term business plan.

For fiscal 2024, regrettably our profit forecasts fall short of the targets set under "MOVE 70." However, we continue to exert the utmost efforts to exceed forecasts by even a small amount. Within the next medium-term business plan, which we are currently formulating, we will clearly set out our growth strategy that we hope will fulfill the expectations of stakeholders. With this in mind, we are working to achieve a certain level of progress in our overhaul of the business structure during the fiscal year in progress, and establish a structure suitable for the launch of the next medium-term business plan. We look forward to your ongoing support in these endeavors.

September 2024



Ryo Murakami
President, COO and Representative Director

Mission, Vision, and Values

MISSION

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

VISION

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

VALUES

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

JACCS' Founding Philosophy

信為萬事本

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









Management Principle

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

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

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

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

Long-Term Vision

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

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

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

Code of Conduct and Ethics

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





Basic Policy on Sustainability

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

Sustainability Management, Page 41

Strengths of the JACCS Group

Solid Business Base in Japan

Buildup of a balance that will generate stable earnings

Balance of guarantees

• Housing loan guarantees

¥2,709.0 billion

• Personal loan guarantees for financial institutions

¥629.5 billion

Balance of deferred installment income

¥230.7 billion

JACCS services network throughout Japan

62 offices

2 housing loan centers

8 guarantee branches

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

Imported-vehicle partner brands

More than **20**

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

History of the business

Over **50 years**

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

Number of business locations responsible for credit screening / claims management / customer service **20**

Issue and Response

Issue	A decline in profit margins due to an increase in various expenses, including financial expenses
Response	Started revising economic terms, offering variable interest rate products, and reviewing products handled in response to rising funding rates
	Reviewing costs and raising operational efficiency through DX to control cost increases
	Strengthening business portfolio management and asset control

Steady and Sound Management

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

- Both consolidated total operating revenue and non-consolidated total operating revenue have set a new record high for 11 consecutive fiscal years (FY2013–FY2023)
- Ordinary income has set a new record high for three consecutive fiscal years (FY2021–FY2023)
- Dividends have increased or held steady for 15 consecutive fiscal years (FY2009–FY2023)

A member of MUFG

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

- Balance of guarantees in the "Net DE Loan" collaborative business with MUFG Bank, Ltd. Balance of loan guarantees of over ¥100.0 billion
- Formed a capital and business alliance with JACCS Lease Co., Ltd. (a domestic affiliate) and Mitsubishi Auto Leasing Corporation to strengthen efforts in the auto leasing market for individual customers

Business Development in the ASEAN Region

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

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

Phnom Penh, Cambodia

JACCS MICROFINANCE (CAMBODIA) PLC.

Entered the market in 2017

Equity stake: 100%

Balance of operating receivables

¥10.7 billion

Ho Chi Minh, Vietnam

JACCS International Vietnam Finance Co., Ltd.

Entered the market in 2010

Equity stake: 100%

Balance of operating receivables

¥28.8 billion



Jakarta, Indonesia

PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA

Entered the market in 2012

Equity stake: 60%

Balance of operating receivables

¥67.1 billion

Pasig, Philippines

JACCS FINANCE PHILIPPINES CORPORATION

Entered the market in 2016

Equity stake: 65%

Balance of operating receivables

¥15.7 billion

Issue and Response

Issue A decline in profit margins due to an increase in various expenses, including those related to doubtful accounts

Response Enhancing debt collection through system utilization in conjunction with stricter credit controls

Reviewing of products with an emphasis on profit margins

Improving of customer convenience and operational efficiency through the development of apps and web functions

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

- Aggregate balance of operating receivables (Non-consolidated) ¥7,310.3 billion
  Including finance receivable-installment sales-credit guarantee
- Ratio of receivables in arrears (Non-consolidated) 0.40%
- Ratio of write-off of doubtful accounts (Non-consolidated) 0.23%

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

- Amount of repayment of excess interest payments ¥190 million
- Balance of allowance for loss on interest repayment ¥680 million

Ensuring stable business operations through close collaboration on the fundraising side

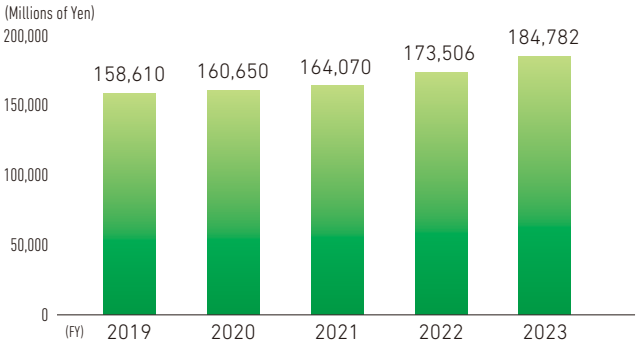
- Implementation of stable funding through the securitization of receivables, primarily in collaboration with Mitsubishi UFJ Trust and Banking Corporation

Credit enhancement by the MUFG Group

R&I Long-term: A+ Short-term: a-1 JCR Long-term: A+ Short-term: J-1 (On December 18, 2023, R&I raised JACCS' long-term rating from A to A+.)

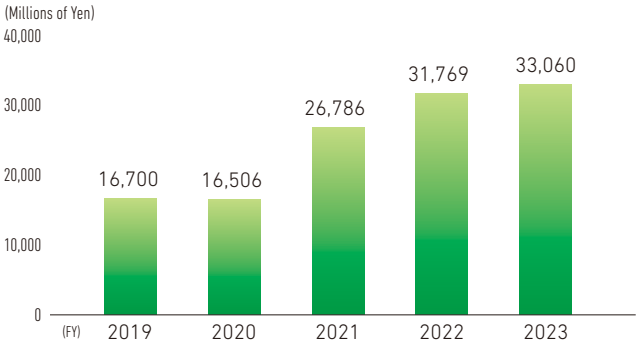
Financial and Non-Financial Highlights

Total Operating Revenue



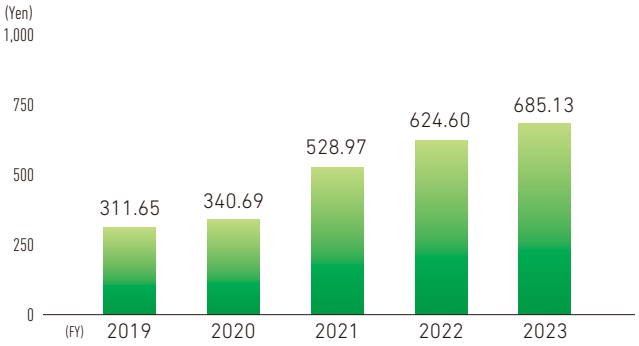
Total operating revenue grew 6.5% year on year due to an increase in the balance of deferred installment income and the balance of loan guarantees, in addition to the expansion of volume of new contracts, resulting in an increase in operating revenue for the 11th consecutive fiscal year.

Ordinary Income



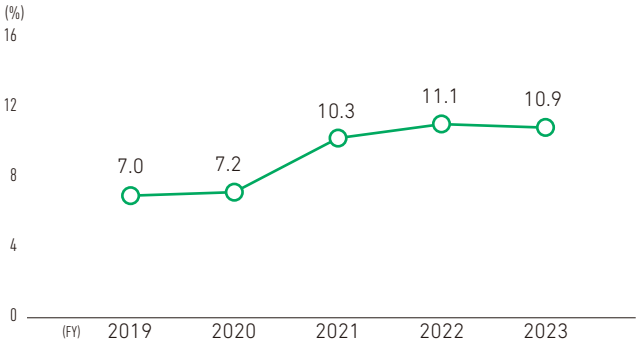
Ordinary income increased 4.1% year on year, surpassing the record.

Net Income per Share–Basic



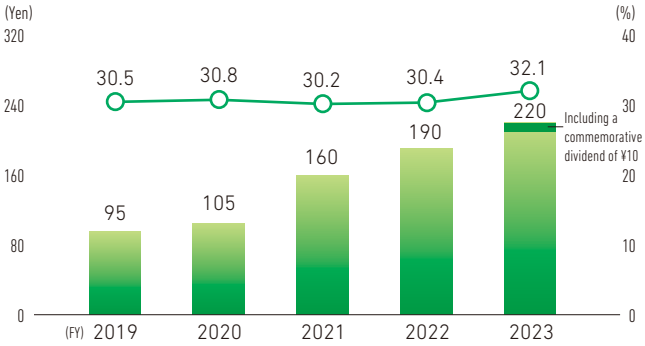
Net income per share–basic increased ¥60.53 year on year as a result of record-high net income attributable to owners of the parent.

ROE



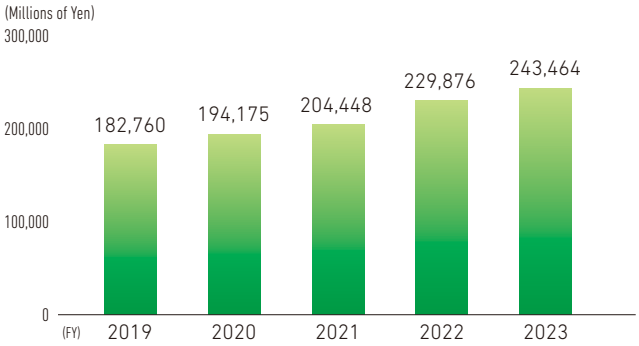
ROE decreased 0.2 percentage point year on year.

Cash Dividends per Share and Dividend Payout Ratio



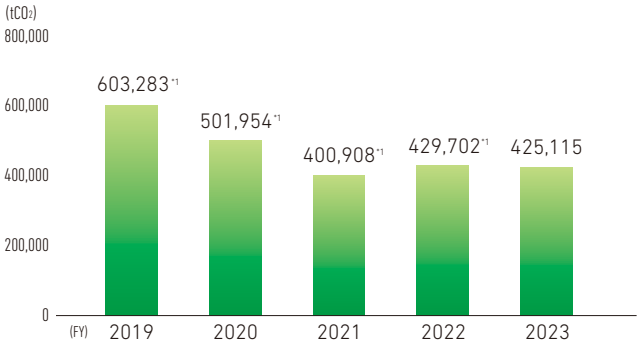
Cash dividends per share increased ¥30.00 year on year (including a commemorative dividend of ¥10 to mark the 70th anniversary of the Company's founding), and the dividend payout ratio increased 1.7 percentage points year on year.

Balance of Deferred Installment Income



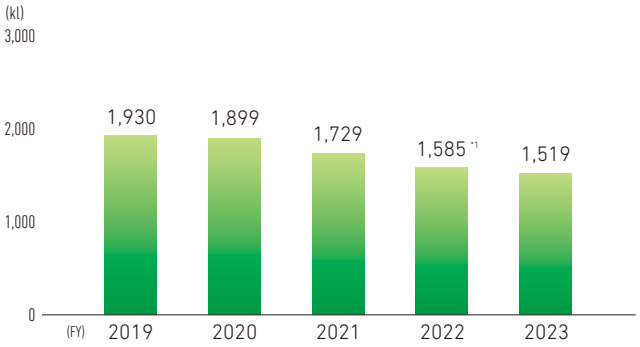
The balance of deferred installment income increased 5.9% year on year due to the expansion of our business, contributing to revenue growth as a stable revenue base.

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



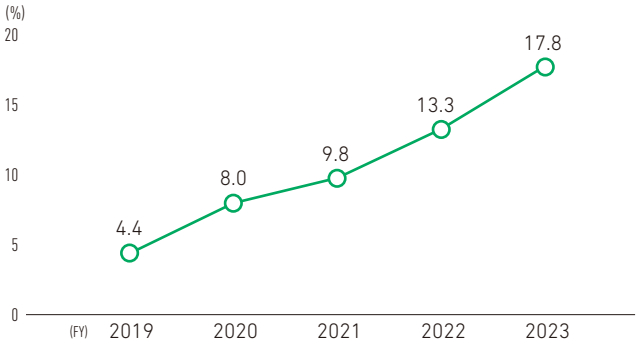
Greenhouse gas (GHG) emissions decreased 1.1% year on year.

Energy Consumption*2



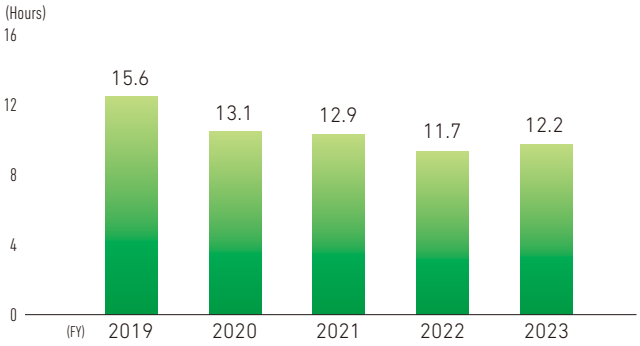
Energy consumption decreased 4.2% year on year due to the promotion of energy conservation activities.

Ratio of Female Employees Among All Section Manager or Higher Positions*3, 4



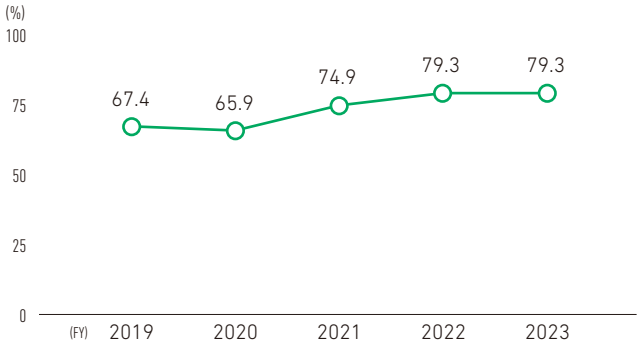
We have set a target for the ratio of female employees among all section manager or higher positions, and are actively promoting female employees, in addition to education efforts. The ratio of female employees among all section manager or higher positions increased 4.5 percentage points year on year.

Employees' Average Monthly Overtime Hours*3, 5



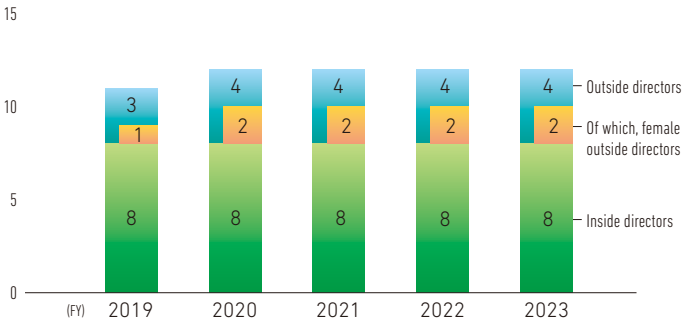
The average overtime hours per month increased 4.3% year on year.

Average Ratio of Allocated Annual Leave Days Taken by Employees*3



The average rate of annual paid leave days taken remained unchanged from the previous fiscal year.

Composition of the Board of Directors*3



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

*1 Calculation data was incorrect, and past performance figures have been corrected.
*2 JACCS Co., Ltd. and its domestic subsidiaries basis
*3 Non-consolidated basis
*4 The ratio of female managers with a rank of section manager or higher, as of April 1 following the end of each fiscal year
*5 Includes hours exceeding the Company's prescribed working hours, which are within the statutory working hours

Value Creation Process

Operating environment / Challenges

- Expansion of e-commerce market
  Progress of cashless society
- Economic growth in the ASEAN region
- Spread of decarbonization-related products and services
- Climate change
  Natural disasters
  Pandemic
- Diversification of values and lifestyles
- Technological innovation in such fields as IT, AI, and DX

Input

Financial capital

Equity capital (Consolidated)
¥230.4 billion
Credit ratings (Long-term)
R&I A+ JCR A+

Intellectual capital

Sales capabilities to meet the needs of member stores
Accumulated credit and receivables management know-how
Advanced customer service
(Awarded the highest rating in the HDI Rating Benchmark for four consecutive years)

Human capital

Number of employees
Consolidated 6,097 Non-consolidated 2,695
Program to develop human resources that possess advanced digital skills
Leaders: 52
(Role in planning and promoting DX)
407 accredited participants
(Role in defining DX requirements)
Ratio of female employees among all section manager or higher positions (Non-consolidated)
17.8%
(As of April 1, 2024)

Social and relationship capital

Business locations
72 locations in Japan
Overseas operations in four countries in the ASEAN region
Number of imported-vehicle brands with which JACCS maintains an alliance
More than 20 brands
Number of credit card members
6.23 million
Number of partner financial institutions for personal loan guarantees
Approximately 600 institutions

Natural capital

Energy consumption
1,519 kl

Business Activities

Management Principle

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

Management Strategy and Resource Allocation

To Our Stakeholders, Pages 4–9
Progress of Three-Year Medium-Term Business Plan, "MOVE 70," Pages 26–27

Strengths of the JACCS Group

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

Opportunities and Risks

Opportunities and Risks, Pages 22–23

Creation and Provision of Services

Business Strategy, Pages 36–39

Sustainability Management

Materiality

Materiality, Pages 42–43

- Providing safe and secure services that offer a high level of convenience
- Protecting the environment

In response to a broad range of social and environmental challenges, including technological innovation, the diversification of values, and climate change, the JACCS Group manages its capital appropriately and efficiently. In doing so, the Group contributes to the realization of a sustainable society through value creation based on its products and services, and through efforts to protect the environment.

Output → Outcome → Impact

ROE 10.9%　Dividend yield 3.94%*

* Calculated based on the closing price on the final trading day of fiscal 2023

Credit Business

- Provides payment methods tailored to customers' lifestyles
- Sales promotion support for member stores
- Contributes to a decarbonized society through loans and leases for such items as solar power systems, home renovations, and EVs

Credit Card and Payments Business

- Since JACCS does not belong to a particular retail or commercial ecosystem, it issues co-branded cards in partnership with a broad range of companies and organizations
- Contributes to the shift to cashless payments by offering diverse payment methods
- Contributes to the uptake of payment methods that offer a high level of security
- Contributes to society and local communities through credit card transactions

Financing Business

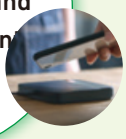
- Supports asset formation by customers through real estate investment
- Supports the retail operations of partner financial institutions
- Contributes to a decarbonized society through guarantee operations for EV loans and home renovation loans, etc., by partner financial institutions

Overseas Business

- Contributes to the economic development of countries in the ASEAN region through the provision of consumer finance
- Provides safe and secure payment services through strengthened security

Promote paperless operations throughout all businesses

Stakeholders	Impact
Customers	Rich and fulfilling lives of consumers
Member stores / Alliance partners	Convenient, user-friendly, safe, and secure payment functions
ASEAN countries	
Shareholders / Investors	Revitalization of consumption
Local communities	
Environment	Reduction of environmental burden and conservation of resources
Employees	Healthy and stimulating work environment




Contributing to the realization of a decarbonized society

Respecting diversity and human rights

Advancing the quality of corporate governance

Main Recurring Revenue Business Model

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

Credit Business

Business summary

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

Revenue model

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

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

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

Focus

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

* Average number of payments in the credit business (Fiscal 2023)
Housing related: 161 payments
Non-housing related: 51 payments
Auto loans: 79 payments

Balance of Deferred Installment Income (Non-Consolidated)

(Billions of Yen)

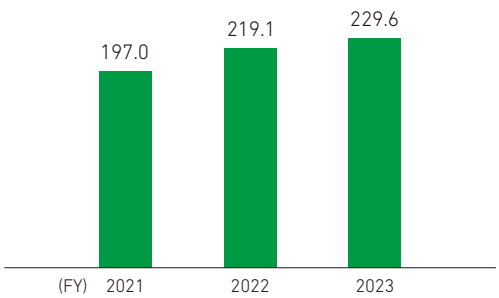
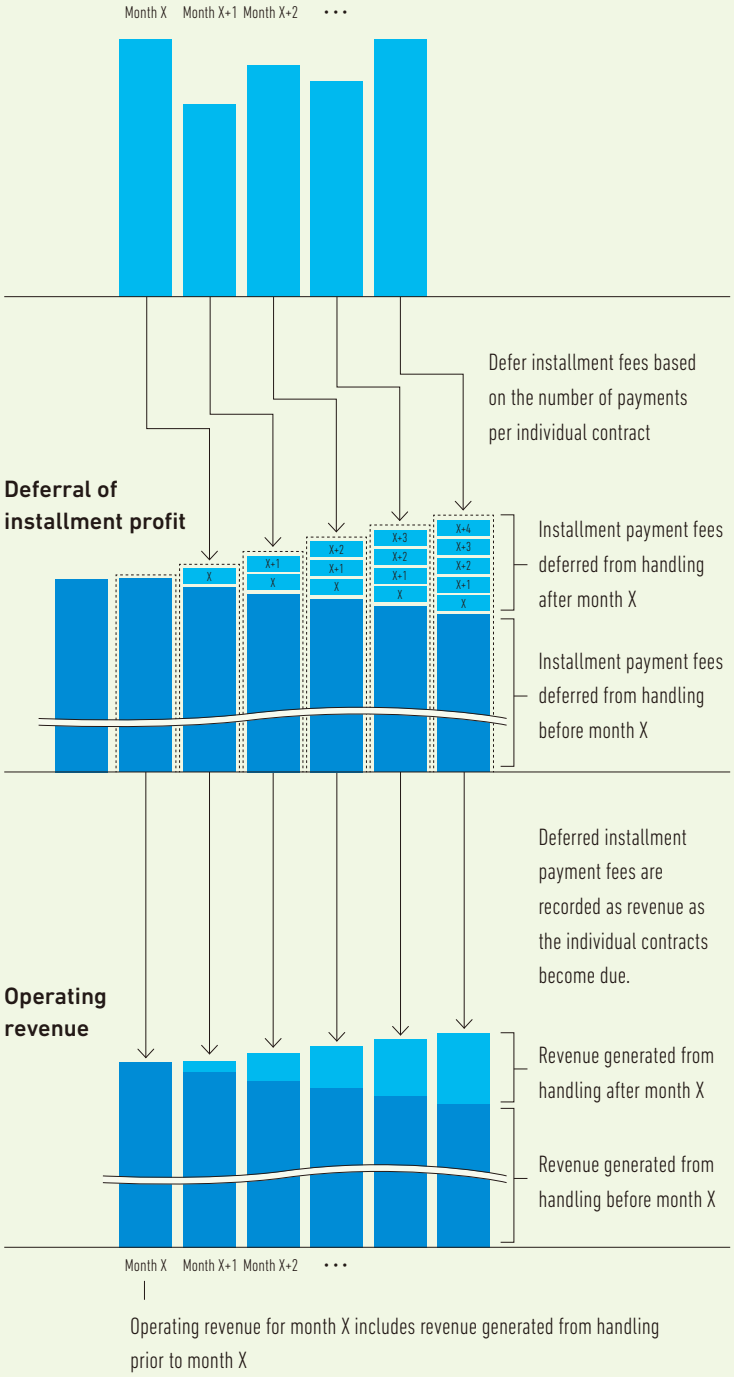


Illustration of Credit Business Revenue (Installment payment fees paid by consumers)

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



Operating revenue for month X includes revenue generated from handling prior to month X

Credit Card and Payments Business

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

Business summary

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

Revenue model

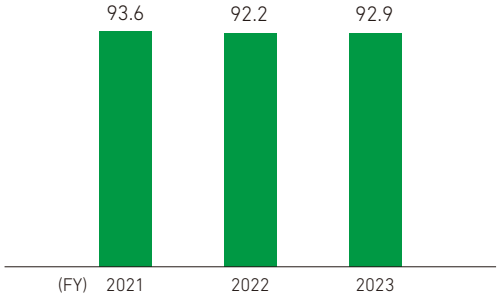
Every month, JACCS receives fees from cardholders based on the balance of revolving-payment and records it as revenue.

Focus

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

Balance of Revolving-Payment Shopping (Non-Consolidated)

(Billions of Yen)



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

(Billions of Yen)

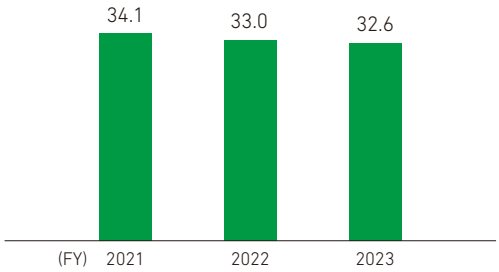
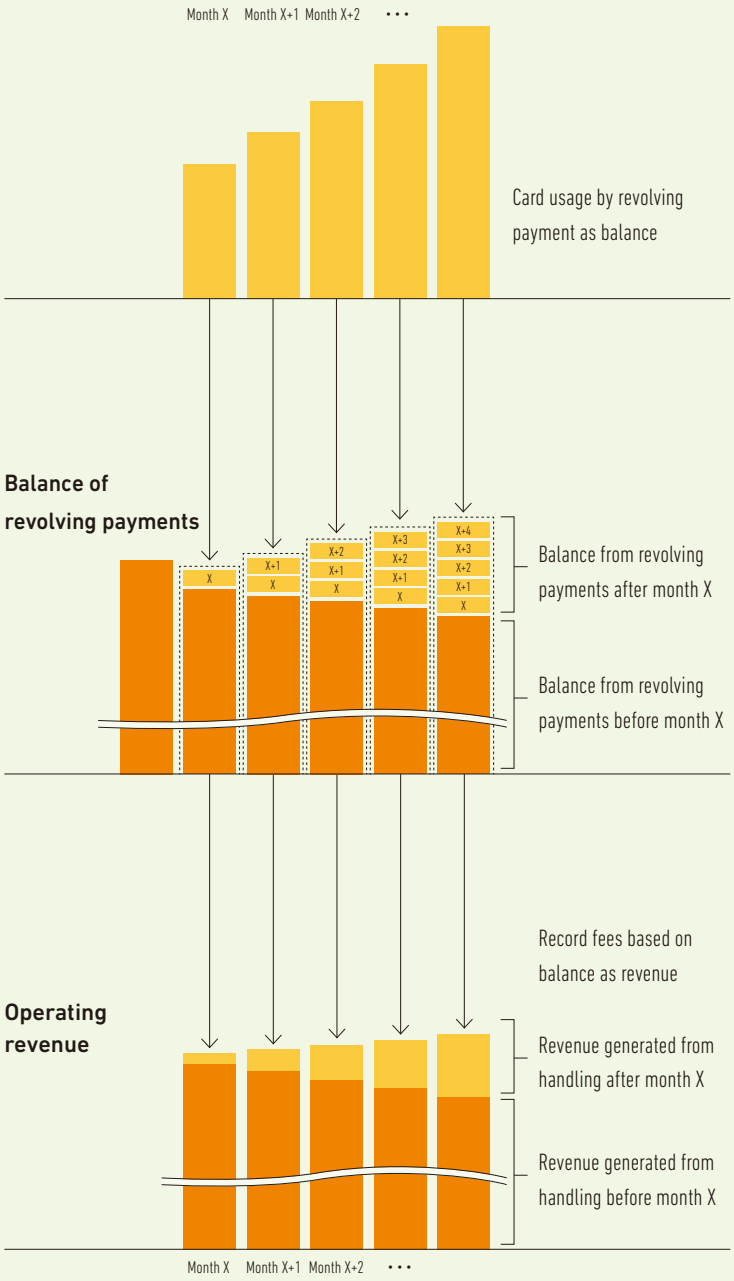


Illustration of Credit Card and Payments Business Revenue (Revolving-payment shopping, Revolving-payment cash advances)

Total amount of card usage by revolving payment each month



Main Recurring Revenue Business Model

Credit Card and Payments Business

(Rent guarantees)

Business summary

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

Revenue model

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

Focus

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

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

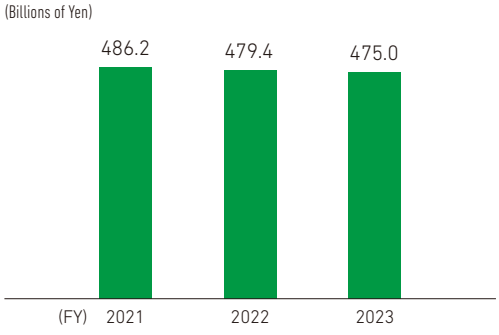
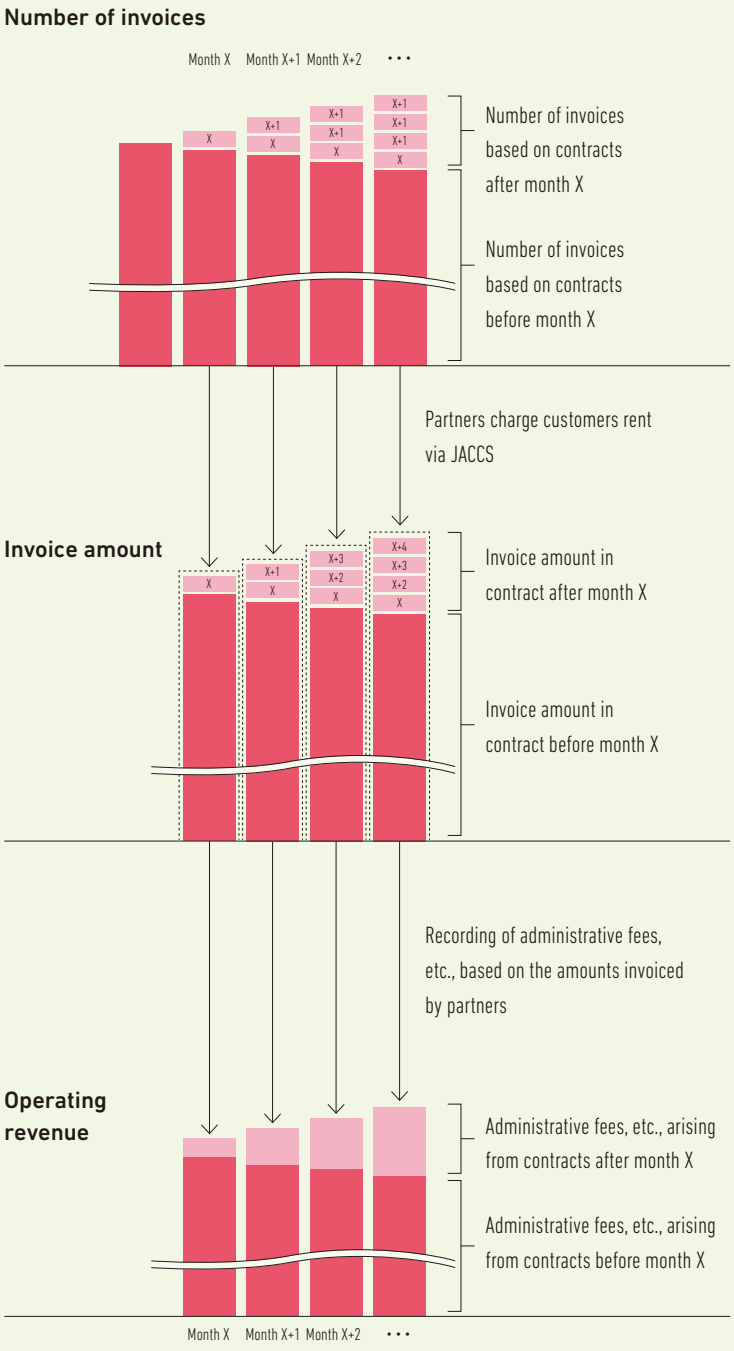


Illustration of Credit Card and Payments Business Revenue (Rent guarantees)



Financing Business

(Housing loan guarantees, Personal loan guarantees)

Business summary

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

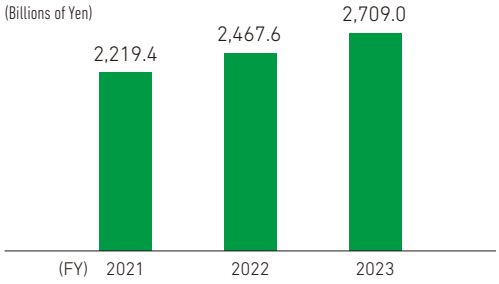
Revenue model

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

Focus

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

Balance of Guarantees for Housing Loans (Non-Consolidated)



Balance of Guarantees for Personal Loans (Non-Consolidated)

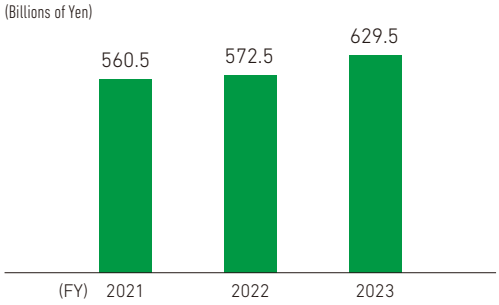
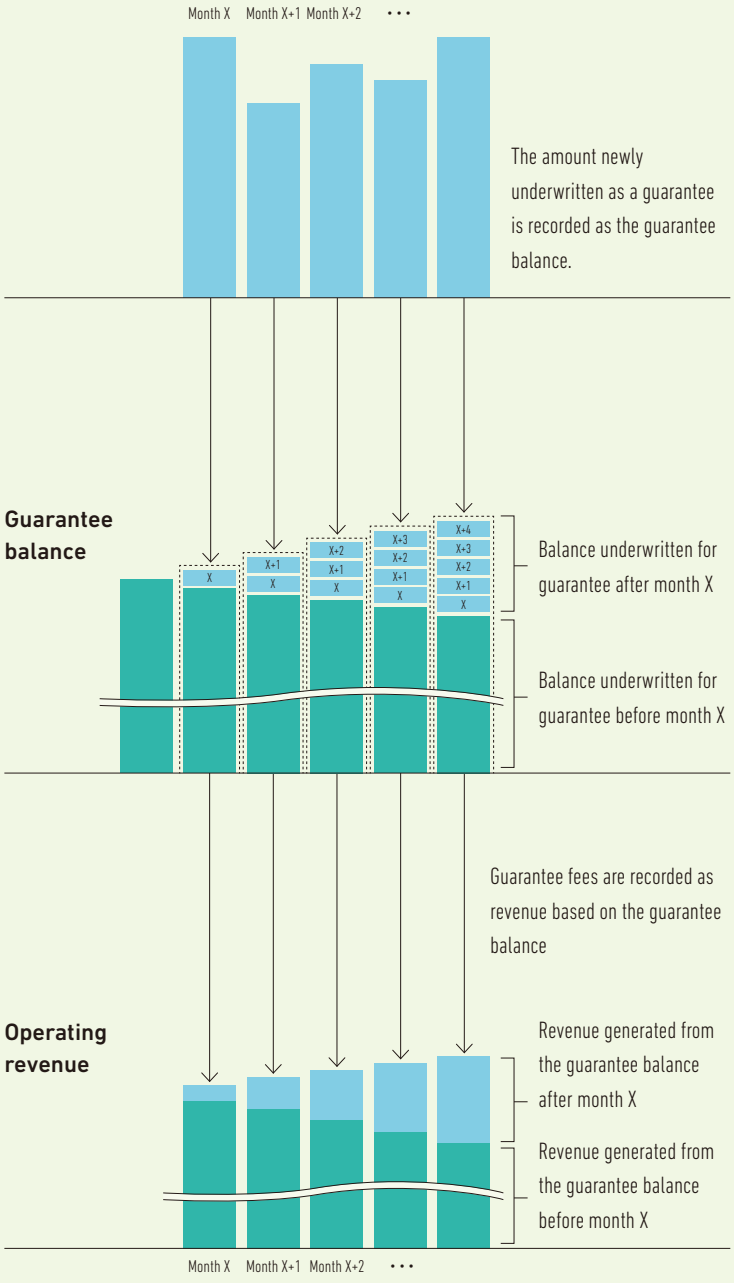


Illustration of Financing Business Revenue (Housing loan guarantees, Personal loan guarantees)



Opportunities and Risks

The JACCS Group classifies major risks affecting management into the following categories, and manages risk content and response.
The Company revises categories in accordance with the changing business environment, and aims for medium- to long-term growth.

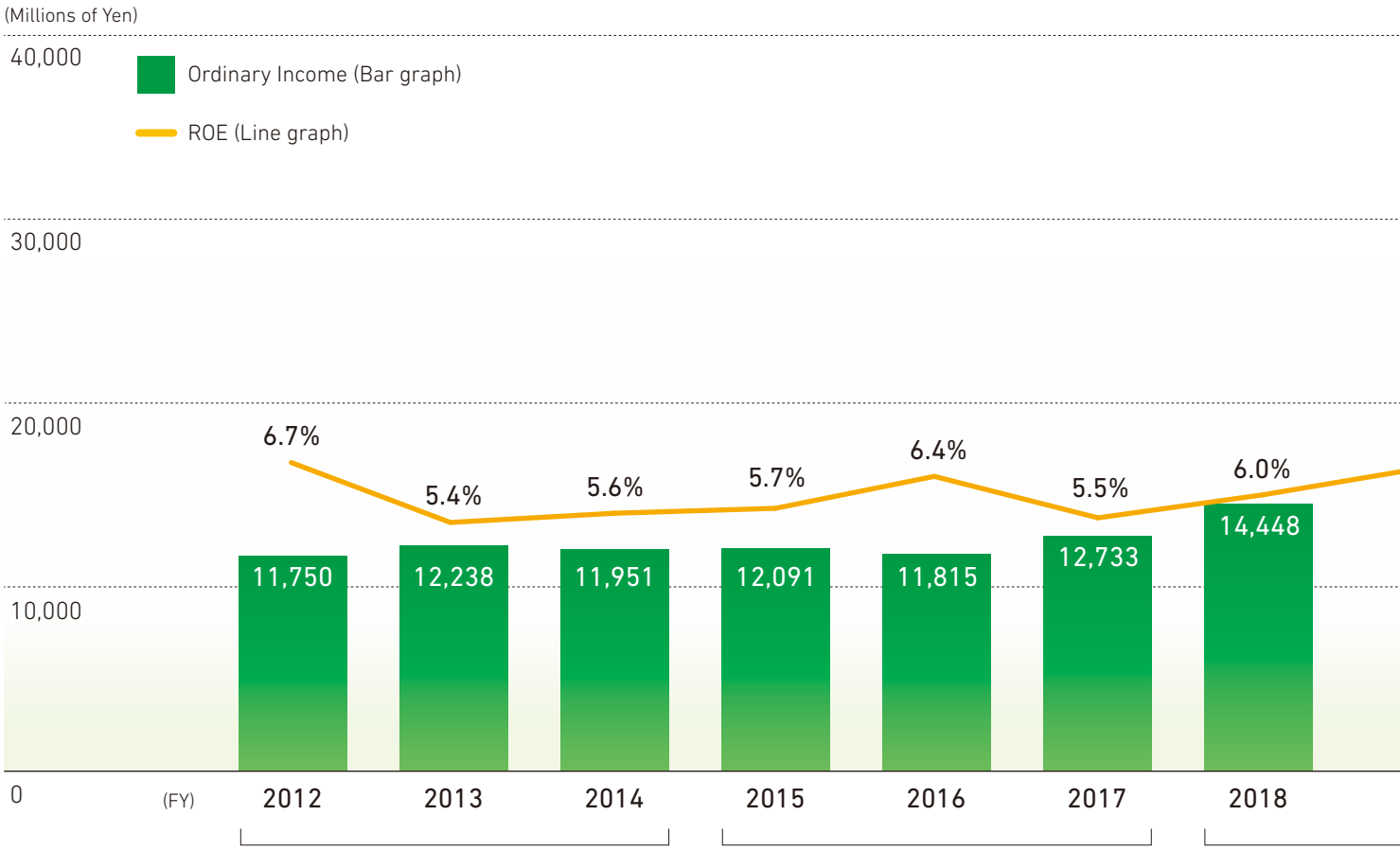
Risk Category		Opportunities	Risks
Risk related to management strategy	Risk related to business strategy	• Improved profitability and growth	• Strategic errors stemming from important decisions, such as those relating to new products and services, M&A, overseas market entry, new businesses, and capital investments
	Risk related to the economic and competitive environment	• Manifestation and expansion of latent needs through improvements in user interface/user experience (UI/UX) • Build relationships with member stores and alliance partners by exploiting an early mover advantage	• Shrinkage of the market due to such factors as deterioration of the economic environment, declining personal consumption, and changing market needs • Intensification of competition due to such factors as new market entry by companies from within and outside the industry
	Country risk	—	• Geopolitical risk, including war, terrorist incidents, or civil disorder • Restrictions due to politics, religion, culture, or customs
	Risk related to laws and regulations	• Business opportunities created by new regulations or deregulation	• Inadequate response to legal changes, such as revision of existing laws, enactment of new laws, or imposition of regulations
	Climate change risk	• Increase in demand for decarbonization-related products and eco-friendly products • Improve corporate image by proactively addressing the issue of climate change	• Inadequate response to climate change-related policies or tightening of regulations • Limits on business activities due to the occurrence of natural disaster
	Credit risk	• Expand the balance of operating receivables by building a portfolio of high-quality receivables	• Increase in expenses related to doubtful accounts due to factors such as an increase in receivables in arrears, fraud or bankruptcy at member stores, and changes in real estate market conditions
	Financial market-related risk	—	• Rising funding costs due to changes in financial conditions, the market environment, or deterioration of the JACCS Group's financial condition; downgrades in credit ratings and creditworthiness; decrease in liquidity; price drops in investment securities and other assets; and exchange rate fluctuations
	Human rights risks	• Gaining stakeholder trust • Enhancement of corporate image	• Negative impacts on the human rights of stakeholders, including employees in Japan and overseas, member stores, business partners, and outsourcing partners, as a result of the JACCS Group's corporate activities
Risk related to business execution	Disaster and epidemic risk	• Needs vis-à-vis stable business continuity based on early restoration of service • Gaining trust	• Suspension of IT system or business operations owing to the occurrence of such events as a major earthquake or other natural disaster, accident, or epidemic
	Cybersecurity risk	• Needs vis-à-vis a safe and secure transaction environment and stable business continuity • Gaining trust	• Data leak owing to a cyberattack, fraudulent access, computer virus, etc., suspension of IT system or business operations
	System risk	• Needs vis-à-vis a safe and secure transaction environment and stable business continuity • Gaining trust	• Suspension of IT system or business operations due to the occurrence of natural disaster, cyber incidents, or breakdown of equipment and machinery • Occurrence of data leakage, falsification, or corruption
	Information-related risk	• Needs vis-à-vis a safe and secure transaction environment and stable business continuity • Gaining trust	• Leakage, loss, damage, or unauthorized use of personal information by the JACCS Group or its outsourcing partners, etc. • Administrative penalties in the case of violation of laws
	Administrative risk	• Needs vis-à-vis a safe and secure transaction environment and stable business continuity • Gaining trust	• Leak of personal information and incurrence of losses by customers or member stores owing to incorrect billing, incorrect account settlement, processing delay, or other incorrect administrative processing
	Compliance risk	• Gaining stakeholder trust	• Administrative penalty imposed by supervisory government agency owing to infringement of related laws, etc. (suspension of business operations, revocation of registration, etc.)
	Human risk	• Acquisition and retention of capable human resources	• Decline in staff motivation or performance • Outflow of human resources or difficulty in personnel recruitment owing to deterioration in the work environment
	Reputational risk	• Enhancement of corporate image • Gaining stakeholder trust	• Deterioration of corporate image, damage caused by harmful rumors owing to business dealings that raise concerns over corporate social responsibility, violation of laws, fraudulent activity by employees, or IT system failure

Impact When Risk Incidents Occur	Response
• Occurrence of additional investment • Incurrence of losses due to dissolution of alliance, abandonment of service rollout, withdrawal from business, etc.	• Implementation of business portfolio management focusing on profitability and growth with an awareness of risk and return • Assessment, verification, and monitoring of profitability, growth potential, and related risks stemming from new businesses, new products, etc., by the Investment Review Committee
• Decline in the volume of new contracts and revenues, and increased expenses • Decrease in profitability or competitiveness	• Implementation of strategies and measures under the medium-term business plan "MOVE 70" • Ongoing improvements to products and services, continuous investment • Identification of latent needs, strengthening of marketing programs that stimulate demand • Enhance quality and productivity through migration to web-based channels and automation • Pursuit of enhanced operational efficiency and cost structural reforms by leveraging digital technologies
• Suspension of business operations at overseas affiliate companies, decrease in earnings	• Gathering of information on the political situation and regulations, etc., through liaison with the relevant authorities and the local Japanese embassy • Strengthening of information sharing between the local affiliate company and the JACCS parent company
• Administrative penalties or punishment • Suspension of business activities, restrictions • Deterioration of corporate image • Incurring costs to comply with related laws and regulations	• Collection of information on trends in the enactment and revision of laws and regulations, etc. • Execution of ongoing training programs for all officers and employees • Regular examination of operational management based on laws and internal regulations
• Deterioration of corporate image due to inadequate response to climate change • Increase in expenses related to doubtful accounts due to impairment of value of collateral security • Incurrence of expenses for countermeasures or restoration	• Ongoing analysis of the impacts of climate change • Promotion of the handling of products related to decarbonization and eco-friendly products • Disclosure in accordance with the TCFD • Set targets for reductions in emissions of GHGs, and execute measures aimed at achieving targets
• Deterioration in business performance owing to increase in expenses related to doubtful accounts • Deterioration of corporate image	• Companywide management by the Credit Risk Management Committee, cross-departmental monitoring of trends in receivables in arrears and member store management status • Trends in the occurrence of receivables in arrears, appropriate management of member stores in line with risk levels, and efforts to maintain and enhance credit assessment accuracy • Strengthening of the recovery of initial receivables in arrears • Enhancement of business skills and development of human resources through training and the promotion of certification acquisition
• Deterioration in business performance owing to increase in financial expenses • Stagnation of core business owing to fundraising difficulties • Incurrence of unrealized losses on investment securities, etc. • Change in consolidated earnings owing to exchange rate fluctuations	• The ALM Committee monitors financial conditions, asset and liability positions, assesses risks, and considers appropriate responses • Fundraising in accordance with interest rate sensitivity, fixing interest rates, obtaining credit ratings, and reviewing trading terms and conditions with member stores and others • Diversification of fundraising, establishment of a liquidity backstop, and management of liquidity on hand • Regular examination of the objectives, effectiveness, and rationale for holding investment securities • Use of hedging transactions involving financial instruments and other tools
• Decline in earnings owing to loss of transaction opportunities • Human resource outflow • Deterioration of corporate image	• Established the JACCS Group Human Rights Policy in March 2024 • Identification of and response to adverse impacts of human rights due diligence • Establishment of a human rights consultation service and consideration of remedies • Education and training for executives and employees
• Decline in earnings • Deterioration in business performance owing to the incurrence of expenses for restoration or countermeasures	• Establishment of crisis management system through such measures as preparation of a disaster response manual, and formulation of emergency response committee operational rules and a business continuity plan (BCP) • Establishment of a mutually complementary system of inter-regional alternate operations, and execution of training exercises
• Estrangement of customers owing to decline in trust • Decline in earnings • Deterioration in business performance owing to incurrence of expenses for compensation for damages or countermeasures	• Introduction of various security systems, continuous monitoring of unauthorized attacks, regular vulnerability checks, and security intelligence gathering, research and response • Establishment of a dedicated cybersecurity organization, and development of a system to prevent the spread of damage through the operation of a CSIRT • Regular education and training to raise security awareness among officers and employees
• Estrangement of customers owing to decline in trust • Decline in earnings • Deterioration in business performance owing to the incurrence of expenses for restoration or countermeasures	• Placement of information processing centers in earthquake-resistant buildings, securing of backup power supply • Maintenance of system and network redundancy and availability • Continuous system monitoring and implementation of regular data backup • Increase stringency of access to the system and data
• Estrangement of customers owing to decline in trust • Decline in earnings • Deterioration in business performance owing to incurrence of expenses for compensation for damages or countermeasures	• Regularly convene meetings of the Personal Information Protection Committee and operate a risk-based personal information protection management system that includes outsourcing partners at the management level • Acquisition of the PrivacyMark as an evaluation and certification standard pertaining to the level of personal information protection • Execution of ongoing training programs for employees
• Estrangement of customers owing to decline in trust • Decline in earnings • Deterioration in business performance owing to incurrence of expenses for compensation for damages or countermeasures	• Strict operation in accordance with basic rules, improvement of the accuracy of administrative processing • Regular inspections of operations, including those of outsourcing partners, by the internal control department, including ongoing review and updates to regulations, manuals, and other related documents • Systemization and automation (introduction of robotic process automation (RPA)) of administrative processing and promotion of paperless operations
• Suspension of business activities, restrictions • Estrangement of customers owing to decline in trust • Decline in earnings owing to loss of transaction opportunities	• Regular inspections of operations by the internal control department, as well as ongoing review and updates to regulations, manuals, and other related documents • Execution of ongoing training programs for all officers and employees • Hold regular meetings of the Compliance Committee to develop and maintain a robust compliance framework at the executive level
• Decline in the level of service or competitiveness	• Recruitment and training of diverse human resources, building a human resources system that encourages the development of individual skills, and creation of an employee-friendly work environment • Specifically, improvement of engagement, health and productivity management, promotion of women's participation and advancement
• Estrangement of customers owing to decline in trust	• Execution of ongoing training programs for all officers and employees • Execution of monitoring of media information, etc.

Growth Trajectory and Medium-Term Business Plan

The JACCS Group has worked to expand its business by placing trust and credibility first. Over the past decade, we have continued to work closely with consumers and member stores, placing value on our desire to help people enrich their lives.

Fiscal 2024 marks the 70th anniversary of the Company's founding, and is the final year of "MOVE 70." With the aim of achieving sustainable growth and increasing the corporate value of the JACCS Group, we will work to further reinforce our management structure.



11th Medium-Term Business Plan "ACT11"
2012–2014

12th Medium-Term Business Plan "ACT-Σ"
2015–2017

Summary

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

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

Achievements and Challenges

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

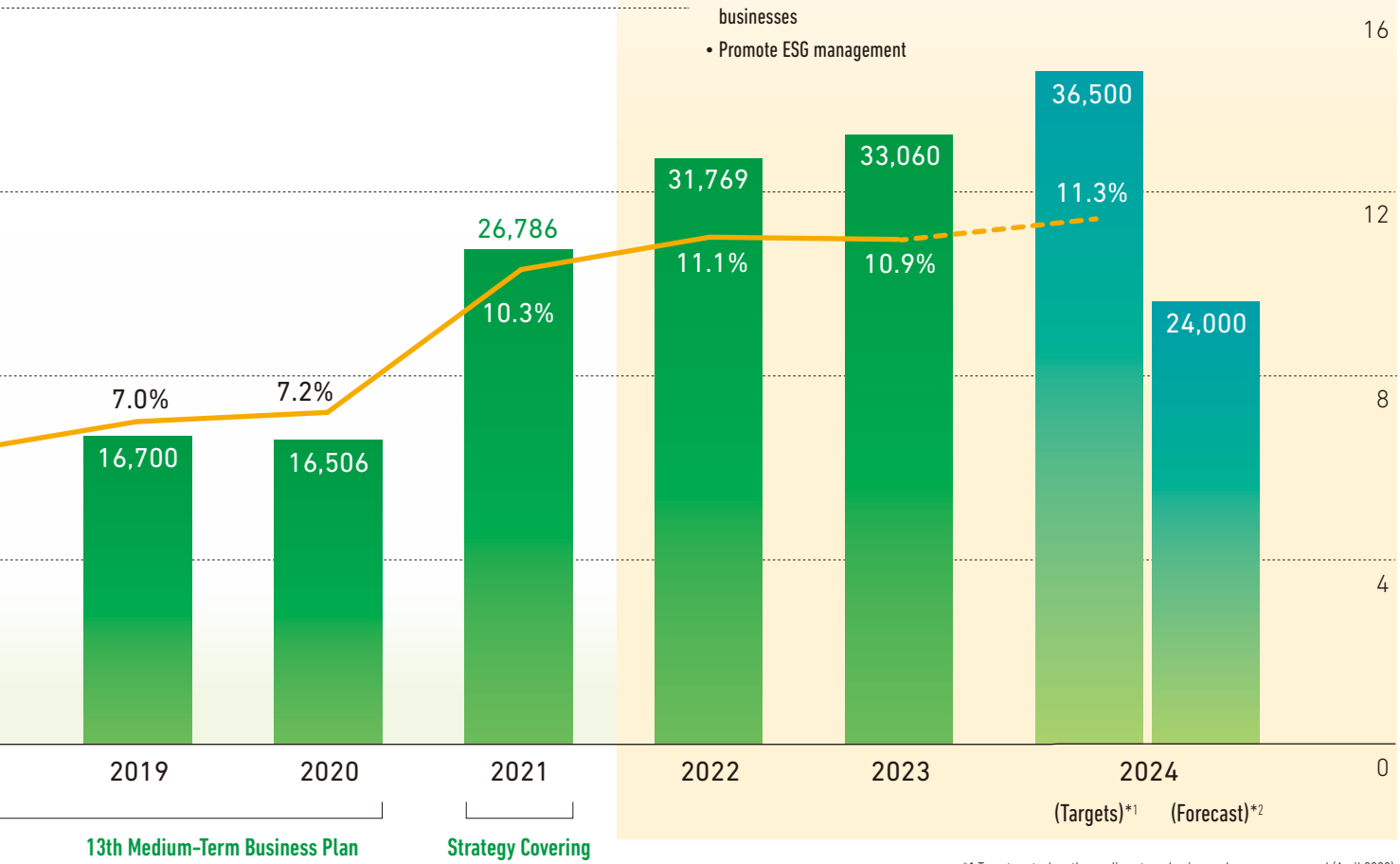
We implemented a management strategy focused on Group synergies and innovation to improve profitability. We also expanded into the Philippines and Cambodia, and made our local subsidiary in Indonesia a consolidated subsidiary to accelerate the expansion of our overseas business. We strengthened our management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

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

MOVE 70

(2022–2024)

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



*1 Targets set when the medium-term business plan was announced (April 2022)
*2 Forecast at the time of the revision announcement (August 2024)

13th Medium-Term Business Plan "RAISE 2020"

2018–2020

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

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

Strategy Covering Single Fiscal Year

2021

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

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

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

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

Up to fiscal 2023, while some challenges persisted in parts of our overseas business, the rest of our businesses continued to perform well. However, the business environment for fiscal 2024, the final year of "MOVE 70," has changed significantly from our initial assumptions, and we anticipate that our performance will be weaker than the goals set in the medium-term business plan. We will diligently implement various measures to lay a solid foundation for renewed growth.

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

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

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

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

Expansion of products and services in the payments field
- Develop and offer payment functions that leverage digital and smartphone channels
- Provision of multi-payment services and expansion of member store network by leveraging alliances
- Expansion of channels for acquiring card members and promotion of card use

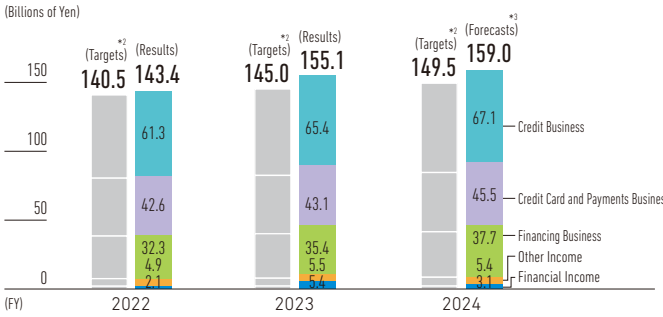
Development of new earnings sources
- Rapid response to the needs of member stores and consumers
- Strengthening of product development

Promotion of cost structural reforms to support the growth strategy
- Improvement of quality and productivity through migration to web-based services and automation
- Enhancement of operational efficiency and reduction of costs by leveraging digital channels

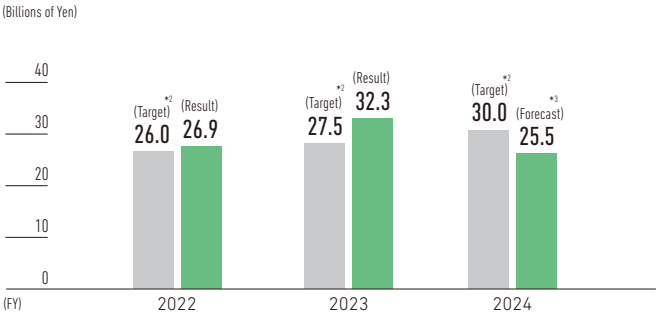
Progress during fiscal 2023
- Solid performance led by the credit and financing businesses
- Release of new products has driven progress in the payments field
- Enhancements to web functionality and automation have improved the efficiency and service levels of back-office operations

A Progress evaluation*1

Revenue by Business (Non-Consolidated)



Ordinary Income (Non-Consolidated)

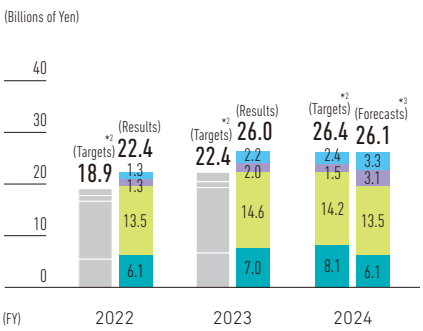


2 Establish earnings base in the overseas business capable of driving future growth

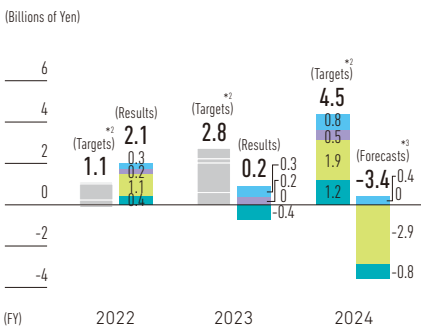
Return to a growth track through strengthening of competitiveness and profitability
- Grow the volume of new contracts through expansion of the business area and by adding to the product lineup
- Leverage web-based applications and smartphones
- Increase the sophistication of credit screening operations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

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

Revenue



Pre-Tax Profit



JIVF: JACCS International Vietnam Finance Co., Ltd.
JMFI: PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA
JMC: JACCS MICROFINANCE (CAMBODIA) PLC.
JFP: JACCS FINANCE PHILIPPINES CORPORATION

Progress during fiscal 2023
- Strengthening of competitiveness through development of apps and web functions, and continuing earnings growth trend
- Progress in enhancing credit assessment accuracy and strengthening debt collection systems through system utilization
- Pre-tax profit fell short of target despite the implementation of various measures

C Progress evaluation*1

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

Strengthen the strategic partnership with Mitsubishi UFJ Financial Group

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

Promote DX

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

Progress during fiscal 2023

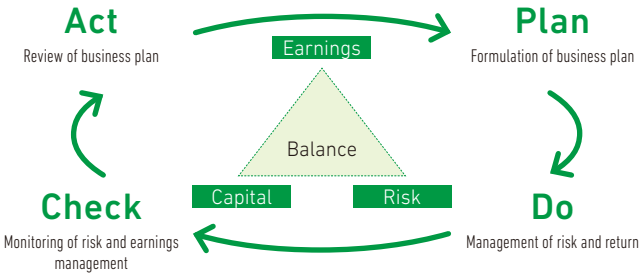
- Promotion of Companywide DX through the program to develop human resources that possess advanced digital skills
- Reinforcement of the management foundation through business portfolio management and advanced ERM

B Progress evaluation*1

Increase the sophistication of risk management systems

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

Group-Based ERM

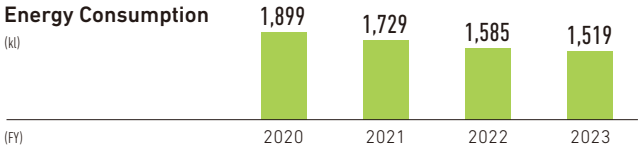


4 Promote ESG management

Measures to address environmental issues

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

Energy Consumption



Measures to address social issues

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

Measures aimed at advancing the quality of corporate governance

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

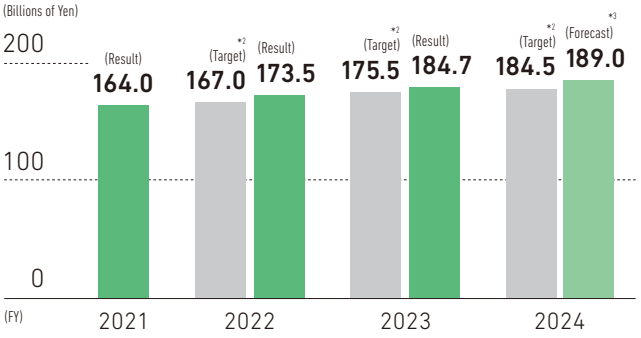
Progress during fiscal 2023

- Promotion of sustainability initiatives, including the expansion of decarbonization products, the formulation of a human rights policy, and the enhancement of disclosure
- Proactive use of sustainable finance, including human capital management evaluation-based loans

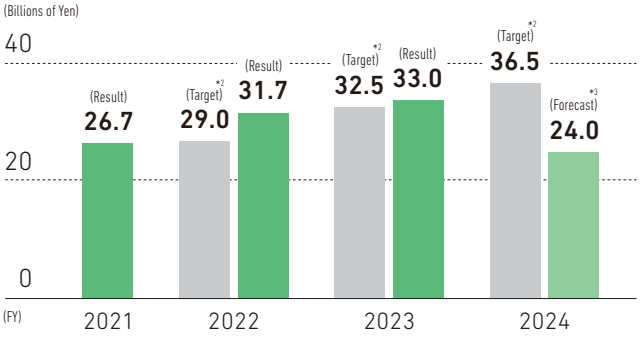
B Progress evaluation*1

Quantitative Targets (Consolidated)

Revenue



Ordinary Income



(FY)	2021	2022		2023		2024	
(Billions of Yen)	Results	Targets*2	Results	Targets*2	Results	Targets*2	Forecasts*3
Revenue	164.0	167.0	173.5	175.5	184.7	184.5	189.0
Ordinary income	26.7	29.0	31.7	32.5	33.0	36.5	24.0
Net income attributable to owners of the parent	18.3	19.5	21.6	22.0	23.7	24.5	16.5
ROE	10.3%	10.6%	11.1%	10.9%	10.9%	11.3%	—
Dividend payout ratio	30.2%	Approximately 30%	30.4%	Approximately 30%	32.1%	Approximately 35%*4	37.9%

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

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

*3 Performance forecasts for fiscal 2024, as of August 2024

*4 The target was previously set at 30%, but in November 2023, it was announced that the target would be gradually raised to 35% by fiscal 2024.

Message from the Chief Financial Officer



Recognition of the Financing Environment and Basic Financial Policy under This Environment

The BOJ decided at its March 2024 Monetary Policy Meeting to conclude its negative interest rate policy and yield curve control, signaling a major shift in Japan's monetary policy. It is anticipated that the Bank will gradually raise interest rates going forward as part of the phased normalization of monetary policy, taking into account fundamental inflation trends. In light of the return to a world of positive interest rates for the first time in 17 years, the JACCS Group's basic financial policy is to secure stable fundraising through diversification of funding and enhance risk resilience.

In terms of securing stable fundraising through diversification of funding, the balance of operating receivables held by the JACCS Group amounted to ¥3,418.5 billion as of March 31, 2024. To support this expanding balance, we will secure funds through multiple avenues, including loans from financial institutions, commercial paper (CP), corporate bonds, and securitization of receivables. In addition, we are committed to expanding ESG finance, including green bonds, green loans, and sustainability-linked loans.

In terms of enhancing risk resilience, we quantitatively evaluate and verify interest rate risk and liquidity risk, which we define as financial risk, according to specific standards, in anticipation of future interest rate hikes and monetary tightening. Through this, we are working to maintain financial soundness by conducting more practical asset liability management (ALM). In parallel, under the ERM framework established to maximize the Group's corporate value, we measure interest rate risk using earnings at risk (EaR)*1 and integrate this with the management of other risks to control both risk and return while maintaining strict financial discipline.

Regarding investments in growth areas, we have established a system to set JACCS' risk appetite (the type and amount of risk it is willing to take on) based on measured risks. We then control investments within the limits of surplus capital, which represents the difference between our risk capacity (maximum risk tolerance amount) and our risk appetite. By practicing this process repeatedly, JACCS aims to improve its risk resilience and maximize earnings.

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

Progress and Effects of Reduction of Cross-Shareholdings

Most of JACCS' cross-shareholdings are held in partner financial institutions. Amid ongoing negotiations with several financial institutions, the Company achieved a year-on-year reduction in cross-shareholdings of approximately ¥2.3 billion (on a market value basis) in fiscal 2023. And now, the Company has succeeded in reaching agreements with many financial institutions to unwind cross-shareholdings, with the exception of some shares held for strategic purposes. We plan to proceed with selling the cross-shareholdings at the appropriate timing. The reduction of cross-shareholdings will lead to lower risk exposure and expansion of surplus capital, which we will use to pursue M&A and other growth strategies, ultimately enhancing corporate value.

Summary and Evaluation of Fiscal 2023 Results

In the domestic business, revenue rose, driven by growth in auto loans and housing loans, along with the reversal of deferred installment income and higher financial income from securitization of off-balance-sheet loans. In terms of costs, SG&A expenses and the amount of funds procured rose alongside expansion of the volume

of new contracts, with financial expenses increasing due to higher funding interest rates. Expenses related to doubtful accounts increased in line with the growth in the balance of operating receivables, even as the quality of receivables improved. This enabled the Company to offset the rising expenses with top-line growth, achieving an increase in consolidated total operating revenue for the 11th consecutive fiscal year, while both ordinary income and net income attributable to owners of the parent set new record highs.

To support this robust volume of new contracts, JACCS implemented securitization of receivables as a core funding measure and worked to reduce assets by partially moving them off the balance sheet. In addition, we focused on securing necessary funds and controlling financing costs by borrowing from financial institutions, centering on the Group's principal financing bank, and by flexibly issuing bonds and CP.

Through these efforts, the increase in interest-bearing debt on a non-consolidated basis was reduced from ¥240.8 billion in the previous fiscal year to ¥133.5 billion.

Despite rising market interest rates, we managed to limit the year-on-year increase in funding costs to ¥2.2 billion and secured sufficient funds to support the JACCS Group's growth. JACCS has focused on asset backed loans (ABL) as a core funding method. This has also enabled us to obtain an AAA rating for the debt itself, thereby controlling funding costs. Furthermore, securitized receivables are not affected by interest rate fluctuations, providing the advantage of being able to lock in interest margins.

In terms of the funding structure, fixed-rate fundraising rose to 69%. The direct financing ratio has remained stable at approximately 50%, and we believe we have successfully diversified our funding sources and built a well-balanced funding portfolio.

Implementation of the Three-Year Medium-Term Business Plan "MOVE 70"

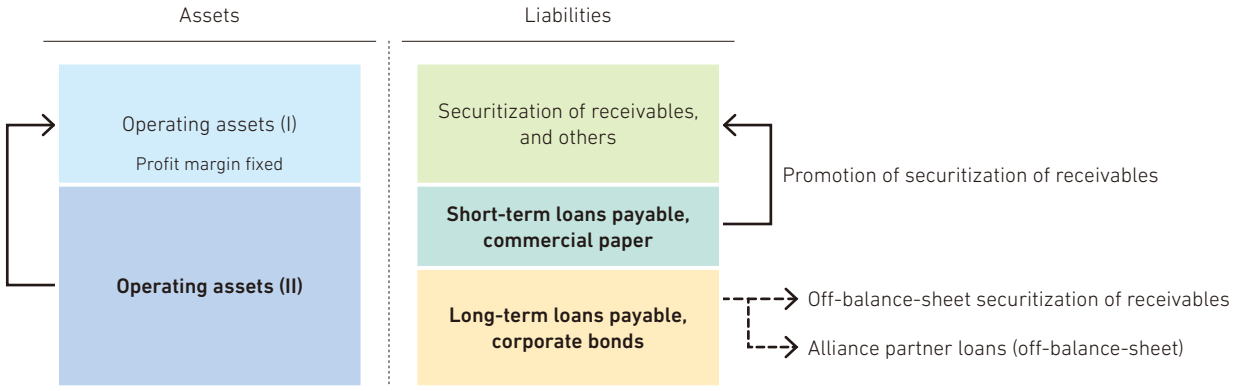
To support the sustainable growth of the entire JACCS Group, in fiscal 2023, the second year of "MOVE 70," we worked to secure necessary funds by diversifying fundraising methods while enhancing risk resilience through various risk hedging measures based on ALM.

Specifically, amid the expansion of operating receivables due to strong performance, the Company moved some low-yield or long-term receivables off the balance sheet through securitization using the asset backed securities (ABS) method (fiscal 2023 result: total principal and interest: ¥193.8 billion). This helped the Company restrain financial leverage while improving the quality of operating receivables through asset management. From another perspective, I believe that moving securitizing receivables off the balance sheet is directly tied to reducing both operating receivables themselves and borrowings, and that this is a process we must continue even as we face an upcoming phase of rising interest rates. Going forward, based on the assumption that we will enter a full-scale phase of rising interest rates, we will strive to improve return on assets (ROA) by reviewing the yield of each operating receivable and prioritizing the securitization or off-balancing long-term and low-yielding receivables.

With regard to the adequacy of shareholders' equity, and verification of our risk resilience—issues that JACCS must address—the Company established the Risk Supervisory Department in fiscal 2023. With the guidance of external consultants, we are advancing the measurement and verification of credit risk, interest rate risk, and operational risk using calculation methods compliant with Basel regulations. The verification results confirm that JACCS' capital is at a sufficient level relative to risk. Building on these measurement results, we are advancing discussions on setting risk capacity and appetite, and on utilizing surplus capital, including

Response to Rising Interest Rates

Profit margin is fixed by securitizing operating assets (II). Through a shift to off-balance-sheet securitization of receivables and alliance partner loans, the Group is promoting asset management that reduces exposure to interest rate volatility risk.

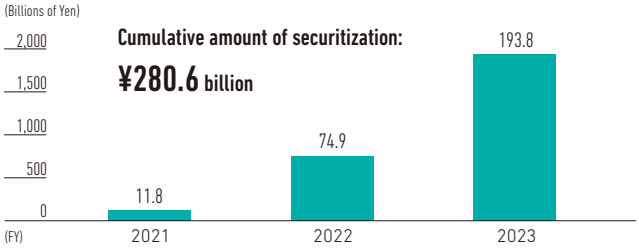


*The above chart is a conceptual illustration of liabilities corresponding to balance sheet operating assets.

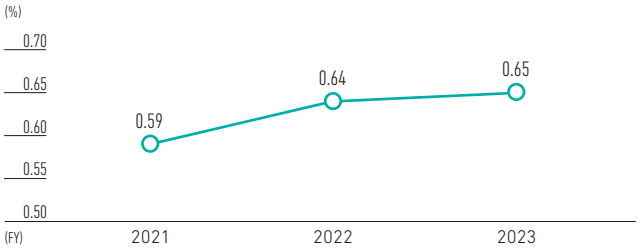
dividend policy and investments in growth areas. Going forward, I would like to expand information disclosure relating to these risk management activities and, through this, explain how the JACCS Group's sound capital base enables sustainable business expansion.

For the past 17 years, we have pursued a strategy that heavily utilizes leverage, particularly in the credit business, while interest rates have remained flat or even declined. However, this will not be as effective in the future business environment. As "MOVE 70" enters its final year and the next medium-term business plan (hereinafter the "Next Plan") comes into view, the challenge ahead will be to shift the focus toward business activities that preserve financial soundness and operations that do not require funding.

Execution of Off-Balance-Sheet Securitization



ROA (Consolidated)



Business Portfolio Management

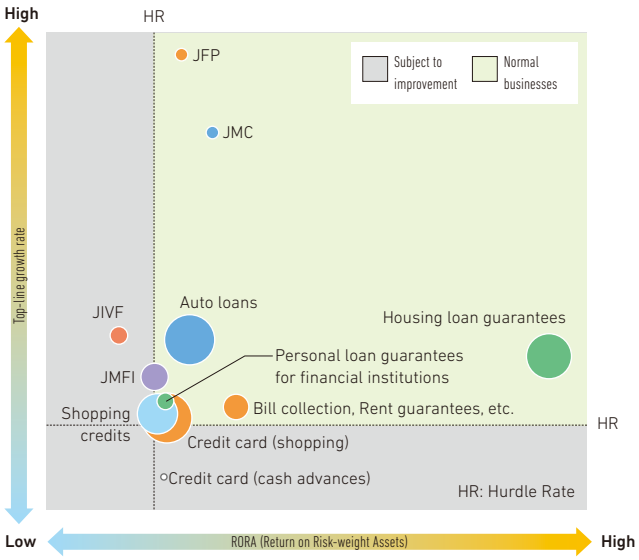
The JACCS Group executes its business portfolio management based on two axes: the balance of revenue, risk, and capital within the ERM framework, and the widely used banking industry metrics of return on risk asset (RORA)*2 and top-line growth rates. RORA is JACCS' quantified risk/return indicator that integrates risk and return and is an effective metric for building up quality assets. With these two axes in focus, the JACCS Group is aiming to enhance capital efficiency by business segment, increasing the weight of highlight profitable businesses and products with relatively low credit risk that do not involve asset expansion.

In the JACCS Group's business model, interest-bearing debt is seen as essential for funding the operation of the credit business and credit card and payments business, akin to the procurement of raw materials. Interest expenses are fully deducted before operating profit, and therefore are not classified as non-operating income or expenses. Thus, return on invested capital (ROIC) is not used as an indicator because the nature of this borrowing differs from that of typical operating companies.

*2 RORA is an indicator of whether the return on an asset is commensurate with the risk of the asset.

Business Portfolio Performance

Fiscal 2023 results



Toward the Realization of Management that Is Conscious of the Cost of Capital and Stock Price

As listed companies must shift their focus on capital efficiency and stock prices while striving to enhance corporate value, I believe it is essential to first conduct a thorough analysis and assessment of the current situation.

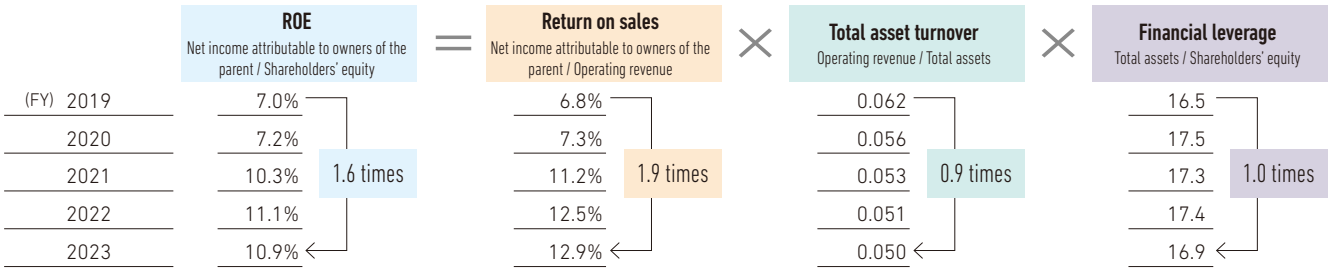
We are progressing with the analysis of capital efficiency using cost of equity and return on equity (ROE) as indicators. Based on the current situation, we judge that capital profitability is being maintained at a sufficient level, as ROE exceeds the assumed cost of equity. On the other hand, the price-to-book value (P/B) ratio is below 1, indicating that the Company is not receiving sufficient market valuation. While the P/B ratio tends to be low across the industry, I intend to formulate a clear capital policy and present a highly feasible growth strategy within the Next Plan. To that end, my efforts will also focus on enhancing the sophistication of our business portfolio management, including investments in growth. I believe that this will ultimately contribute to an improvement in the P/B ratio.

Allocation of Management Resources to Growth Investments and Strategic M&A

Fundamentally, investments in growth areas, such as strategic M&A and new overseas expansion, should be made within the limits of surplus capital as calculated under the ERM framework. The Investment Review Committee calculates the amount of risk involved in investment projects and, after deliberation, ensures that investments are not excessively large in relation to the Company's capital.

The Company will allocate investment funds from the proceeds of reducing policy shareholdings and funds generated by moving receivables off the balance sheet as part of asset optimization under ALM.

ROE and Analysis

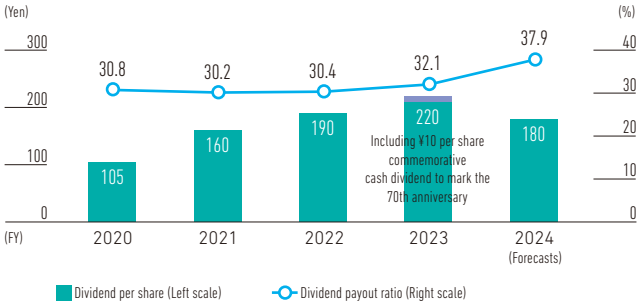


For existing businesses, the management team will hold regular discussions to review the allocation of management resources by business segment, based on business portfolio management.

Shareholder Return

JACCS' basic policy is to pay stable and continuous dividends commensurate with profit levels, while ensuring financial soundness and enhancing retained earnings to support further growth. Based on this policy, given the steady performance in fiscal 2023, we increased dividends in line with business performance, including a commemorative dividend to celebrate the 70th anniversary of the Company's founding. We will continue to quantify capital, risk, and earnings based on ERM, focusing on balancing financial soundness, capital efficiency, profitability, and shareholder return. The dividend payout ratio under "MOVE 70" has been revised from 30% to 35%. In the Next Plan, we will discuss our shareholder return policy to realize more stable profit distribution.

Cash Dividends and Dividend Payout Ratio



Sustainability Initiatives

As part of its sustainability initiatives, JACCS has established the Basic Policy on Sustainability and five areas of materiality. Based on these, we contribute to resolving social problems through our business activities, aiming to realize a sustainable society and enhance corporate value.

As part of these efforts, JACCS has been issuing green bonds since 2019 to fund loans for the environmental products it handles. In addition, we have established KPIs based on the Basic Policy on Sustainability for borrowing from financial institutions and are implementing sustainability-linked loans to promote the achievement of these KPIs. The loan execution amount has increased year by year, reaching ¥24 billion in fiscal 2023.

Going forward, JACCS will build a sustainable finance framework and accelerate these efforts. In addition, as part of the diversification of sustainable finance, JACCS will also explore obtaining green certification for the securitization of receivables, a core element of its fundraising, with a focus on environmental products.

Human Resource Strategy



The Fundamental Philosophy Underpinning Our Approach to the Human Resource Strategy

Creating a Company Where Each Employee Actively Takes the Initiative

Recognizing that human resources are one of its most important assets, the JACCS Group is promoting a human resource strategy based on four strategic pillars: Demonstrating diversity, Developing human resources for change, Promoting health management, and Improving engagement, which underpins these efforts. Based on this policy, we aim to create a company where each employee can shine, take initiative to leverage their inherent strengths, and thrive in roles that best match their abilities.

Revised the Human Resources System to Strengthen Human Capital

Designed a New System to Address Upcoming Challenges

There are two key points in this revision of the human resources system. The first is the abolition of the classification of job categories. We aim to standardize the evaluation criteria and compensation system for employees, which were previously differentiated into Regional employees and Global employees based on whether they were subject to job transfers involving relocation within Japan or internationally. Through this standardization, we strive to offer equal opportunities for career development and skill enhancement. The second key point is the introduction of the Hometown System, which allows employees to designate their preferred place of living, promoting diverse working styles that align with their life plans (for more details, see pages 50–53).
I believe that these efforts have significantly broadened the opportunities for each individual to thrive. When we revised our human resources system 10 years ago, we made the decision to promote the appointment of employees to management positions, even in non-career track roles, which as a general rule do not involve transfers requiring relocation. Looking back, I believe that the decisions made at that time have led to our current percentage of women in section manager positions and above at 17.8% (achieving the fiscal 2024 target of 15% one year ahead of schedule). Taking a renewed look at the importance of designing systems with a firm focus on the challenges ahead, we have implemented this significant revision.

DE&I Initiatives

Promote the Active Participation of Female Employees

As part of its efforts to promote the active participation of women, JACCS has established deputy positions, such as assistant branch managers and assistant section managers, one level below section managers. These positions, which involve managing a certain number of subordinates, are intended as steppingstones for cultivating the next generation of managers. For these roles, JACCS is actively implementing training programs and promoting career advancement initiatives. As a result, the percentage of female employees with subordinates, including deputy positions, is currently 36.6%, an increase of 4.4 percentage points year on year. In terms of representation, the percentage of female employees at JACCS alone is 55.7% (up 5.4 percentage points year on year). Considering the high percentage of female employees (58.1% at the non-consolidated level) at JACCS, I feel that the pool of female executive candidates is

steadily growing. On the other hand, regarding the challenge of developing Company-grown female executives, although the numbers are still small, we are making steady progress in building up our pool of executive-level talent, including department manager positions, which are one level below executive roles. In July 2024, one of the three women in the executive tier was promoted to the director level, bringing her closer to an executive officer position. We will continue to actively work toward the appointment of female executives.

Development of Global Human Resources

As part of our efforts to develop and actively promote global human resources, we are advancing initiatives to have senior employees of overseas affiliates receive training at JACCS itself. We are also hoping to resume the overseas training program for newly appointed domestic branch managers, which had been suspended due to the impact of COVID-19. When that time comes, we plan to explore a new approach to overseas training that includes slightly younger employees as well. I personally visited our overseas affiliates and directly gained a strong sense of the vitality of their overseas operations. We are considering new approaches to the education of global human resources in order to broaden the horizons of the younger generation who will be responsible for leading JACCS into the future.

Establishment of Human Rights Policy

In March 2024, JACCS established and announced its human rights policy. It is, of course, more than just a policy statement. The JACCS Group's approach to human rights includes considering human rights due diligence both in Japan and overseas, and ensuring the proper implementation of remedial measures in the event of any issues. We have only just begun these efforts, and we plan to promptly implement human rights education and other initiatives.

Retaining and Training Human Resources

Creating an Environment That Encourages Employees to Join the Company and Developing Human Resources That Possess Advanced Digital Skills

In recent recruiting activities, there is a growing focus on factors such as work-life balance, meaningful work, and organizational culture. While we acknowledge that there are still areas for improvement at JACCS in these respects, there are also undeniable strengths unique to JACCS that have been passed down throughout our 70-year history. We are actively engaging in efforts to secure talent, including creating an environment that supports potential hires in their decision to join the Company, organizing key selling points for students, and increasing mid-career recruitment activities, as well as incorporating the newly revised human resources system.

In terms of human resource development, we have allocated a substantial budget and are introducing a variety of innovations in educational programs and encouraging participation in training programs. Among these efforts, we are particularly focusing on the development of human resources that possess advanced digital skills, which started in 2023. In fiscal 2023, 227 employees obtained IT-related certifications, such as IT Passport and Fundamental Information Technology Engineer, which are officially recognized qualifications. Going forward, we plan to further advance digital talent education across three tiers comprising a total of over 400 individuals: the Leadership tier, which will undergo advanced digital training; the follower tier, continuing their two-year program; and the newly enrolled follower tier from this fiscal year. Our goal is to drive the generation of results through these efforts. In addition to enhancing these educational programs, a key focus in employee development is the support provided to new employees and the instructors who closely guide them. For new employees, in addition to the initial training provided immediately after joining the Company, members of the Personnel Department's recruitment team conduct individual interviews with all new hires three months after joining to identify any concerns or issues they may have. Furthermore, six months after joining, we conduct a group training session where new employees reflect on their first six months and individually determine how they will approach their work for the remainder of their first year. We then provide them with renewed encouragement as they return to their roles. We also make efforts to identify any concerns or challenges faced by the instructors through group training sessions. I believe that these efforts have led to our low turnover rate within three years of joining the Company.

Strengthening Human Capital through Engagement Surveys

Improving the Communication Skills of Hub Human Resources Leads to Organizational Development

Through the engagement surveys conducted to date, the Personnel Department has identified three priority issues to be addressed: Organizational development, Restructuring the human resources system, and Improving productivity through the promotion of DX. The status of our efforts for Restructuring the human resources system and Improving productivity through the promotion of DX is as explained earlier.

For organizational development, the central issue is improving communication skills among middle-tier employees, which we call "hub human resources." Additionally, to address challenges, we focus on the organization's overall communication style. Workshops are conducted on a departmental basis, where managers lead and collaborate closely with their teams to foster a unified approach. We ask each department to implement the plan–do– check–act (PDCA) cycle as appropriate, starting with the formulation of an action plan. Three months after implementation, another survey is conducted to track changes in scores and shifts in individual employees' awareness. Although this initiative requires a considerable investment of manpower and time, and the results may not immediately translate into improved engagement, we are committed to steadily advancing these efforts, aiming to enhance vertical, horizontal, and diagonal relationships within the organization.

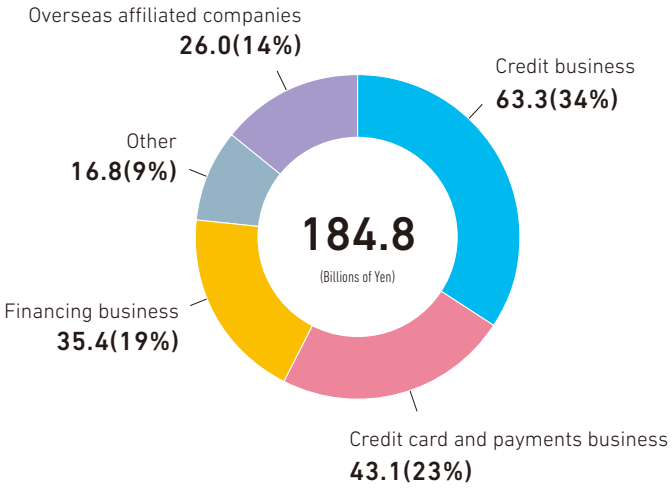
Performance by Business

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

Operating Revenue

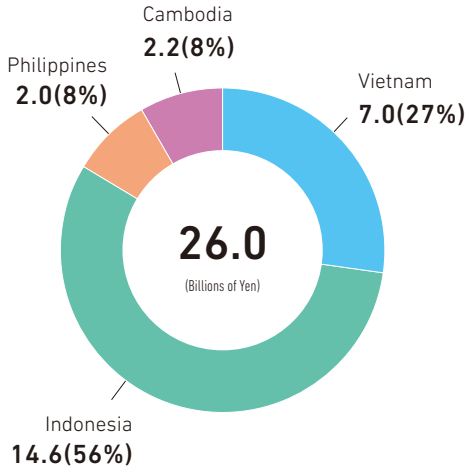
*Simple aggregate basis

Composition ratio in parentheses



Operating Revenue of Overseas Affiliated Companies

Composition ratio in parentheses



Credit Business

Business details

- Shopping credits
- Auto loans



Credit Card and Payments Business

Business details

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



Financing Business

Business details

- Housing loan guarantees
- Personal loan guarantees



Overseas Business

Business details

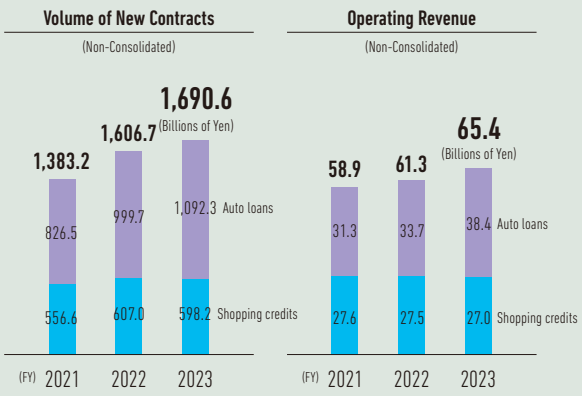
- Motorcycle and auto loans and issuance of credit cards in the ASEAN region (Vietnam, Indonesia, the Philippines, and Cambodia)



In shopping credits, healthcare services performed well, and the volume of new contracts for housing-related products and motorcycle loans increased. On the other hand, some member stores raised interest rates, which led to a growing sense of deceleration in the handling of premium wristwatches, and the situation continued to be difficult in the latter half of the fiscal year. As a result, the volume of new contracts and operating revenue declined.

Auto loans remained strong, supported by effective financing measures linked to each importer's sales strategy, in response to the recovery in new car sales following the resolution of the semiconductor shortage. Although the volume of new contracts at major used-vehicle dealerships fell significantly, the volume of new contracts and operating revenue rose due to strengthened initiatives targeting local dealerships specializing in used vehicles.

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



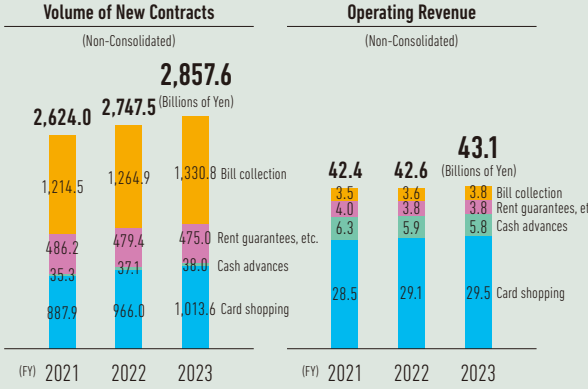
In card shopping, the volume of new contracts and operating revenue increased, buoyed by strong use of co-branded cards issued in cooperation with alliance partners, as well as higher average card transaction value due to a recovery in the tourism industry and the impact of high prices.

In cash advances, the volume of new contracts grew in line with the expansion of demand for funds, but it did not lead to a reversal in the balance of revolving-payment cash advances, resulting in a decline in operating revenue.

Rent guarantees, etc., remained steady due to an increase in the number of invoices from new partners. However, the volume of new contracts for other products fell as a result of a review of transactions with major partners, and operating revenue remained flat.

In bill collection, the volume of new contracts and operating revenue rose on an increase in the number of invoices related to real estate management companies and fitness clubs, in addition to the expansion of new partnerships.

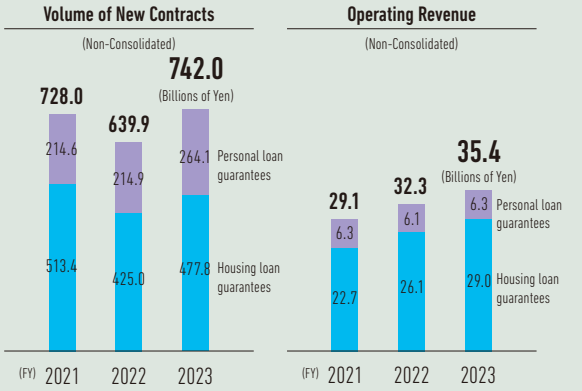
As a result, the volume of new contracts and operating revenue increased for this business.



In housing loan guarantees for studio condominiums for investment purposes, we continued to implement measures in cooperation with partner financial institutions, resulting in increases in the volume of new contracts and operating revenue.

In personal loan guarantees, the volume of new contracts and operating revenue increased, driven by the strong performance of auto loans at affiliated financial institutions such as MUFG Bank, Ltd. in response to the recovery of new car sales, which had been sluggish due to the semiconductor shortage.

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

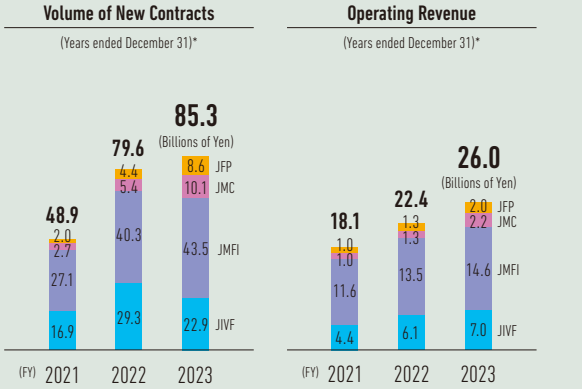


In Vietnam, the slowdown of the domestic economy led to sluggish sales of motorcycle and automobile loans, the mainstay products for the country, and aggressive offensives by competitors resulted in a decline in the volume of new contracts. Operating revenue rose on an increase in the balance of operating receivables.

In Indonesia, the volume of new contracts for automobiles remained flat due to the tightening of credit standards and the strengthening of risk control, but the number of member motorcycle dealerships increased, and the volume of new contracts and operating revenue grew.

In the Philippines and Cambodia, the volume of new contracts and operating revenue increased due to the expansion of sales areas through opening branches and reinforcing personnel in sales divisions.

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



JIVF: JACCS International Vietnam Finance Co., Ltd. JMFI: PT JACCS MITRA PINASTHIKA MUSTIKA FINANCE INDONESIA
JFP: JACCS FINANCE PHILIPPINES CORPORATION JMC: JACCS MICROFINANCE (CAMBODIA) PLC.
*Fiscal year-end of overseas affiliated companies is December 31. The consolidated results reflect operations of overseas affiliated companies during the period of January through December.

Business Strategy



Strengths

- Product lineup to meet diverse needs
- Ability to make proposals for promoting credit utilization
- Credit screening and receivables management capabilities for building up a portfolio of quality operating receivables, and excellent back-office capacity
- Nationwide network of sales offices, and network of member stores in a wide variety of industries

Opportunities

- Development of a decarbonized society
- Growth of the credit field driven by such factors as expansion of the e-commerce market
- Steady need for used vehicles
- Consumer attitudes changing from ownership to use

Threats

- Decline in profit margin due to rising funding interest rates
- Entry of new business operators utilizing IT
- Sluggish personal consumption due to rising prices

Focus

- Maintaining and improving profit margins through measures such as commission rate hikes and reviewing organizational structures
- Strengthening asset control in response to changes in the business environment

Policies and Strategies

Through our shopping credit and auto loan businesses, we will implement commission rate hikes in line with rising funding costs, while also reviewing our business structure to shift our approach from overall volume expansion to emphasizing profitability.

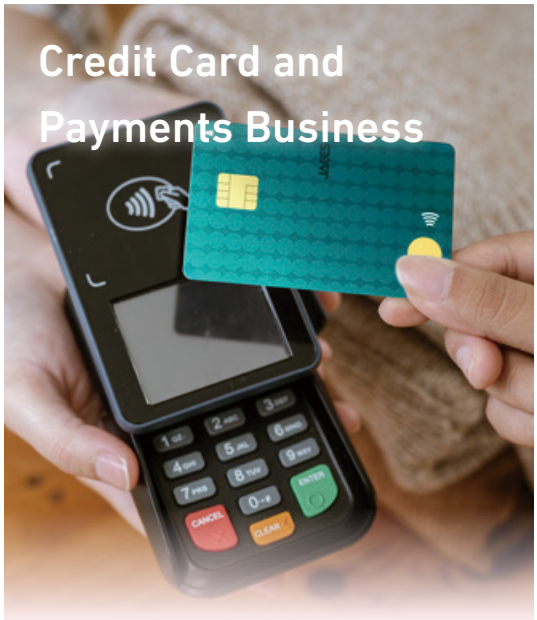
Our policy for shopping credits is to provide services that meet market needs, aiming to create new markets and expand our share in focus areas. Our shopping credit products enable customers to flexibly select from various options, including installment payment fees and number of installments. In addition, JACCS offers a broad array of web-based functionality for credit applications. These payment products enable linkage to products and services provided by a broad range of business categories and retail formats, regardless of whether the payment amount is large or small, and we continue to expand these services. Given that housing-related fields such as solar power generation equipment and storage batteries are expected to continue to expand toward the realization of a decarbonized society, we will enhance the convenience of our web application system and promote variable interest rate products to secure appropriate earnings. Regarding areas outside the housing-related sector, we will actively implement initiatives in our target markets, including the medical and e-commerce sectors, while also aiming to stimulate credit demand in new markets. In auto loans, our core policy is to be a partner that drives and supports market growth by providing a diverse lineup of financing services. The used-vehicle market is expected to continue to see high demand due to the stagnant supply of new cars and rising prices attributable to the certification fraud issue at domestic automakers. In the imported car market, where JACCS has secured a dominant share, we will continue to provide financing products based on the sales strategies of importers and work to increase loan utilization rates. In the area of auto leasing operations targeting individual customers—a market that is forecast to grow—we will strengthen our sales structure and management of lease expiration cases through collaboration with Mitsubishi Auto Leasing Corporation, with whom we entered into a capital and business alliance in 2023, and ensure a steady accumulation of our vehicle fleet.

Initiatives for Sustainability

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

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

Credit Card and Payments Business



Strengths

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

Opportunities

- Further progress of cashless economy and diversification of payment methods
- Needs for improving billing efficiency in companies
- Increased needs for guarantee companies in the rental real estate market, driven by an increase in the number of single-person households

Threats

- Entry of new business operators utilizing IT
- Sluggish personal consumption due to rising prices

Focus

- Accumulation of revolving balances that can be expected to generate stable earnings
- Enhancement of web functionality in the rent guarantee field

Policies and Strategies

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

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

In the credit card field, we will leverage new products such as House Pay, a service released in fiscal 2023 that enables the immediate issuance of co-branded cards on the promotional apps of member stores and allows the setup of House Code payments that can be linked to multiple payment methods, and SPLIE, an app to be released in fiscal 2024 that enables cashless and cardless installment payments. Through these products, we aim to increase the number of new members and the volume of new contracts while also enhancing profitability. We continue to promote business collaboration with such partners as payment service providers (PSPs) and system vendors, and are expanding our network of member stores. With regard to revolving-payment balances, we will steadily implement various initiatives, such as promotions to encourage utilization. For card shopping, we aim to continue expanding the balances that saw a turnaround and increase in fiscal 2023, while for revolving-payment cash advances, we expect a turnaround and increase in balances during fiscal 2024.

The payments field is a business with a high level of recurring revenue, and we expect stable growth in fiscal 2024. For bill collection in the payments field, we are utilizing a front-end payment system capable of providing non-face-to-face payment services to markets such as fitness clubs and private tutoring schools to expand the number of alliance partnerships. For rent guarantees, we will promote a system that allows completion of the entire process from screening to contract signing online, and we are striving to strengthen profitability by providing property owners and real estate management companies with highly convenient products, including promoting card payments for initial costs at the time of move-in.

Initiatives for Sustainability

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

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

Examples of Cards that Contribute to Society and Local Communities



Japan Guide Dog Association Card



Hakodate Card

Business Strategy



Financing Business

Strengths

Housing loan guarantees:

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

Personal loan guarantees:

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

Opportunities

Housing loan guarantees:

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

Personal loan guarantees:

- Capture of the unsecured personal loan market at financial institutions
- Expanding needs for guarantee companies, underpinned by financial institutions' efforts to bolster their retail operations

Threats

Housing loan guarantees:

- Lower investment yields and reduced purchase appetite due to rising property prices and borrowing rates
- Decline in collateral value due to fall in real estate prices

Personal loan guarantees:

- Internalization of guarantee operations within the group and system at partner financial institutions

Focus

Housing loan guarantees:

- Streamlining operations through sales, screening, management, and system support for each business

Personal loan guarantees:

- Improvement of portfolio to increase profitability

Policies and Strategies

The core policy for housing loan guarantees is to strengthen the business base and develop new business fields. JACCS has been involved in the market for studio condominiums purchased for investment purposes since its early stages, leveraging its accumulated expertise to achieve high credit assessment accuracy and maintaining a close network of alliances with real estate sales companies. Leveraging these strengths, we have now built a high-quality guarantee balance exceeding ¥2 trillion, making it a business that consistently generates stable revenue and profit.

Demand for the studio condominiums purchased for investment purposes that JACCS handles is expected to remain firm in fiscal 2024, but we do not expect a significant increase in volume due to a steep rise in the cost of construction materials and a decrease in the number of properties available in prime locations. Based on this recognition of the environment, we will advance system enhancements in our sales, credit assessment, and management operations to improve convenience and productivity, while also striving to further strengthen our relationships with real estate sales companies and financial institutions, steadily building up our balance of guarantees.

The core policy for personal loan guarantees is to strengthen product appeal and capabilities for making proposals. Since 2011, JACCS, in collaboration with MUFG Bank, has been operating an unsecured loan business for individuals exclusively for online applications ("Net DE Loan"), with a balance of loan guarantees of more than ¥100.0 billion. In addition to MUFG Bank, we have partnerships with more than 600 financial institutions nationwide, ensuring stable transactions, and our total balance of guarantees for personal loan guarantees for financial institutions exceeds ¥600 billion.

For fiscal 2024, although the outlook for new car sales remains uncertain due to the certification fraud issue at domestic automakers, financial institutions are actively working to capture demand for new car loans. At MUFG Bank, a core partner, we will implement various measures, such as increasing the number of accepted applications received by streamlining business systems, aiming for further accumulation of the guarantee balance. Added to this, we will continue our efforts to improve our portfolio and profitability by increasing the number of partner financial institutions, including internet-based banks, and by fortifying our balance of guarantees in areas beyond auto loans.

Initiatives for Sustainability

We are promoting paperless procedures from screening to contract conclusion.

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

Overseas Business



Strengths

- Business know-how cultivated in Japan over 70 years
- A network of businesses in four overseas markets, with over a decade of business experience
- Creditworthiness and fundraising backed by MUFG

Opportunities

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

Threats

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

Focus

- Restructuring of business in Vietnam and Indonesia
- Limiting costs, primarily focusing on financial expenses and expenses related to doubtful accounts

Policies and Strategies

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

As a common initiative across all four markets, we will strengthen competitiveness through system investment, improve operational efficiency, and enhance credit assessment accuracy. Regarding receivables management, we will enhance our structure by investing in both systems and human resources. In addition, we will strengthen the management control system and internal control through coordination with the parent company.

In Vietnam, despite the uncertain economic recovery, we will focus our sales resources on motorcycle loans, which can secure high-quality operating receivables, as part of our efforts to rebuild the business. We will also leverage online app-based credit applications, for which development was completed in fiscal 2023, to reduce costs while expanding the volume of new contracts. We will also strive to curb expenses related to doubtful accounts by reducing the occurrence of early-stage delinquent receivables and strengthening collection to achieve a prompt recovery of business performance.

In Indonesia, in order to rebuild the business, we will review the product lineup and branch network with an emphasis on profitability, and allocate resources to urban areas where high-quality operating receivables can be secured. In addition, we will strive for an early recovery of business performance, similar to the approach in Vietnam, by reducing expenses related to doubtful accounts through thoroughly enhancing credit assessment accuracy, strengthening collection, and the early sale of repossessed properties.

In Cambodia, we are pursuing expansion of the range of products handled and growth in operating revenue. We will expand handling of motorcycles by increasing our market share in major cities and expanding sales areas. In addition, to expand our earnings base, we will work to expand the lineup of products handled, including auto loans, which we have newly started to offer.

In the Philippines, we are striving to expand the volume of contracts for high-profitability products and strengthen the business base. In the sales areas that we have expanded so far, we will increase our market share in used automobile loans, and also broaden our product lineup, including motorcycle and personal loans.

Initiatives for Sustainability

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

Digital Transformation (DX) Strategy

JACCS' Basic DX Policy and Definition

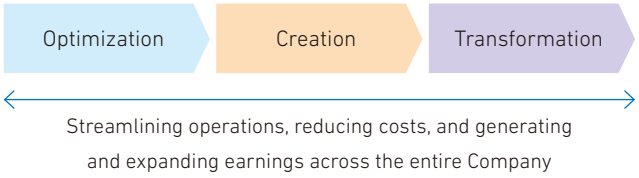
The future vision (basic policy) that JACCS is aiming for with DX is to "Respond to rapid changes in the business environment and utilize data and digital technologies to transform operations, organizations, processes, corporate culture, and climate through new products, services, and new business models,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

Internally, core human resources with digital expertise and frontline employees will work together to transform the operations and processes associated with our core business.

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

DX Strategy and Goal

Through Companywide initiatives leveraging digital technology, we aim to achieve the promotion of working style reform, improvement of productivity, and the establishment of competitive advantage, while pursuing sustainable growth by balancing top-line expansion and cost reduction. The DX Promotion Department plays a central role in our Companywide DX initiatives, which are divided into three phases: Optimization, Creation, and Transformation.



In fiscal 2023, we worked on Optimization and carried out business reforms such as a shift to paperless and stockless internal operations. We also worked to create space-saving environments for operations to reduce fixed costs. Going forward, we will actively utilize generative AI and other technologies to promote initiatives that lead to further operational efficiency and cost reduction.

In fiscal 2024, we will focus on the Creation phase and accelerate our efforts for "realizing the establishment of competitive advantage by leveraging data and digital technologies."

• Creation

We will work to improve the environment for data utilization and to expand digital interaction points with customers and provide new services.

• Improvement of the environment for data utilization

We aim to contribute to the expansion of member store sales by analyzing and utilizing customer trends and purchasing behavior from transaction data of existing businesses.

• Expansion of digital interaction points with customers and provision of new services

We will improve customer experience (CX) so that customers can use JACCS products more conveniently, establish broad contact points with customers, and advance the provision of new services.

JACCS' Unique Strengths and Challenges

The greatest strength of JACCS lies in the "trust" and "reliability" that we have built since our founding in 1954 under our founding philosophy of "Trust is the basis for all." We have also accumulated various data through our main businesses (sales, screening, and management).

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

We also recognize a lack of digital human resources to support our DX strategy as an issue. In fiscal 2022, we launched the Digital Human Resources Development Program with the aim of strengthening our human resources and organizations, and are promoting the improvement of IT literacy and the development of core human resources.

Initiatives for Securing and Developing Human Resources for DX

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

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

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

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

In fiscal 2024, under Advancement and expansion, JACCS will continue the cycle of its Digital Human Resources Development Program and implement measures to promote upgrading of the skills of digital human resources, training over 400 digital personnel, including those continuing from the previous fiscal year. At the same time, JACCS will promote its DX strategy to transform operations and processes associated with its core business.

Sustainability Management

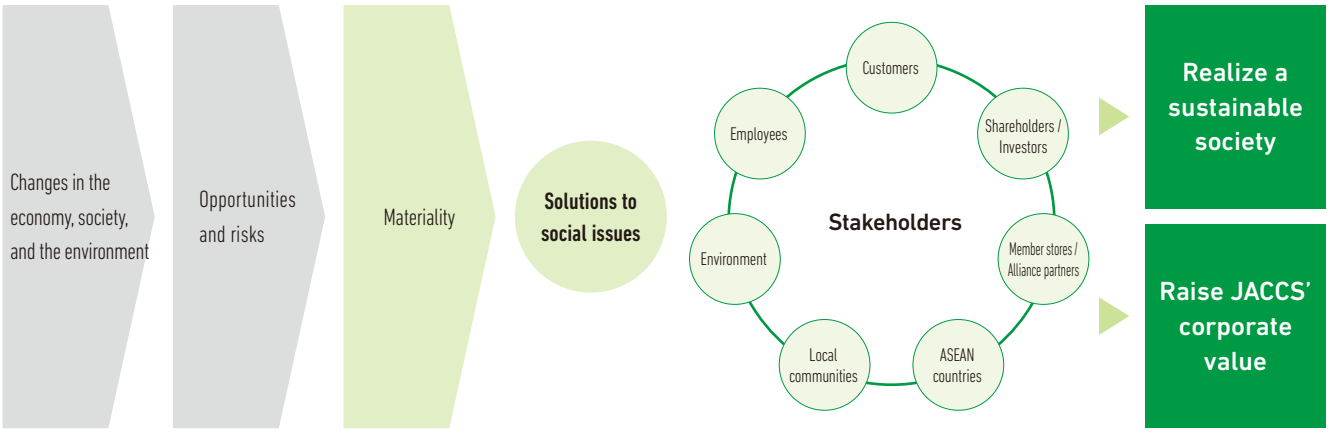
The JACCS Group accurately identifies opportunities and risks stemming from changes in the economy, society, and the environment, and contributes—together with stakeholders—to economic development and conducts its corporate management to help realize a sustainable society. The Group operates its business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

Basic Policy on Sustainability

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

(Established in November 2021)

Concept of Sustainability Management



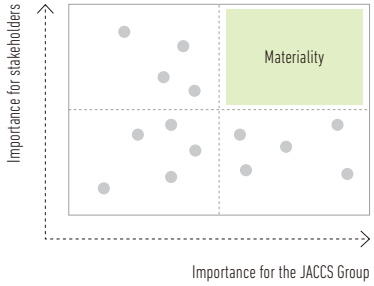
Materiality Identification Process

Understanding and analysis of the current situation

- Understanding and review of the current situation by each related internal department, based on an analysis of risks and opportunities
- Sorting of initiative items based on ISO 26000 (266 categories)

Extraction/discussion/identification

- Extraction and determination of draft plan by the secretariat and related internal departments
- Fine-tuning and identification through discussion by executive directors and outside directors, and through consultations to hear opinions of stakeholders



Approval

- February 2022: Resolution by the Board of Directors

Materiality and Sustainability Goals and Performance

Materiality	Main Initiatives	Initiatives in Fiscal 2023		Indicators
Providing safe and secure services that offer a high level of convenience	Service that responds to the trust placed in JACCS by customers and member stores	Enhanced email and chat support		Response rate
		Expansion of automatic credit integration system functions		Ratio of automated receipt of credit screening applications
	Raising the sophistication of information security	PCIDSS: Version 3.2 update, Version 4.0 readiness		Acquisition of certification under the Payment Card Industry Data Security Standard (PCIDSS)
		Enhancement of fraud detection SMS sending capabilities		Ratio of detection of fraudulent credit card transactions
	Providing financial services as infrastructure to support local communities and livelihoods	Housing	Promotion of variable interest rate loans / home renovation credit	Volume of new contracts for home renovation loans
		Education	Expansion of non-face-to-face web applications	Volume of new contracts for educational loans
		Health	Strengthening contact points with affiliated dental clinics	Volume of new contracts for medical loans
		Overseas	IT and app development / expansion of sales areas	Volume of new contracts in the overseas business
		Asset management	Securing high-quality properties (areas, properties)	Balance of loans for studio condominiums purchased for investment purposes
	Promoting cashless payments	Smartphone-based payment service House Pay released		Volume of new contracts in the credit card and payments business
Protecting the environment	Measures to reduce environmental burden	Deployment of business digitalization cloud SmartDB across all locations		Volume of copier paper purchased (compared with fiscal 2021)
		Review of statement-related procedures		Ratio of web-based credit card statements
		Adoption of environment-friendly Company vehicles		Ratio of eco-friendly vehicles within the Company's vehicle fleet
		Reducing energy consumption		Rate of reduction of energy consumption (compared with fiscal 2019)
	Addressing climate change	Consideration of implementing a virtual PPA		Rate of reduction of CO_2 emissions (compared with fiscal 2019)
Contributing to the realization of a decarbonized society	Promoting decarbonization through financial services	Establishment of special terms for solar power and storage battery loans		Volume of new contracts for solar loans
				Volume of new contracts for storage battery loans
		Promotion of low-interest loans and leasing exclusively for EVs and PHVs		Volume of new contracts for EV loans
		Positive Impact Finance Utilization of human capital management evaluation-based loans		Fundraising through ESG finance
Respecting diversity and human rights	Promoting diversity and inclusion	Revision of the human resources system		Ratio of female employees among employees who hold the position of section manager or higher, or employees who have subordinates and hold a position one rank lower than section manager
		Program to develop human resources that possess advanced digital skills		Number of employees certified as possessing advanced digital skills
	Respecting human rights	Development of a framework (human rights policy, consideration of human rights due diligence)		Establishment of a system in accordance with the UN Guiding Principles on Business and Human Rights
	Promoting health and productivity management	Continuing to promote the JACCS Work–Life Balance Promotion (JWP) initiative		Employees' average monthly overtime hours
	Undertaking social contribution activities	Donation to the Cambodia hospital construction project		Donation amount
Advancing the quality of corporate governance	Strengthening risk management	Quantification of risks and formulation of action plans*1		Competent application of the management cycle
		Compliance with METI guidelines*2		Development of the AML/CFT management framework
	Continuation of compliance	Ongoing execution of education and training programs*3		Ongoing execution of education and training programs

* The fiscal 2024 targets are the targets established in fiscal 2022.

Evaluation: ○ = Progressing smoothly, △ = Progressing but with some issues, × = Issues exist

Evaluation is conducted not only on the achievement of KPI targets but also on the overall progress of the initiatives.

	Fiscal 2023			Targets for Fiscal 2024	Social Value to Be Realized
	Targets	Results	Evaluation		
	90%	88.3%	○	**90%**	We will provide services that live up to the trust and confidence of our customers and member stores through improved customer-contact service quality and advanced security systems.
	67%	69.3%	○	**82%**	
	Version 3.2 compliance	Version 3.2 compliance	○	**Version 4.0 compliance**	
	68%	66.2%	○	**70%**	
	¥138.2 billion	¥140.5 billion	○	**¥141.6 billion**	We will contribute to the realization of affluent lifestyles tailored to our customers' needs and to economic development.
	¥18.0 billion	¥20.5 billion	○	**¥19.2 billion**	
	¥26.6 billion	¥34.9 billion	○	**¥27.6 billion**	
	¥98.9 billion	¥85.7 billion	△	**¥103.1 billion**	
	¥2,700.0 billion	¥2,741.9 billion	○	**¥3,000.0 billion**	
	¥2,838.3 billion	¥2,850.3 billion	○	**¥2,962.7 billion**	We will respond to diverse payment needs and promote the transition to a cashless society.
	(2%)	(12.8%)	○	**(3%)**	While reducing the use of resources and energy, we will promote the utilization of renewable energy and contribute to reducing environmental impact.
	47%	47.8%	○	**50%**	
	34%	35.2%	○	**54%**	
	(12%)	(21.3%)	○	**(13%)**	
	(13%)	(9.8%)	△	**(18%)**	
	¥31.6 billion	¥59.4 billion	○	**¥33.1 billion**	We will contribute to the realization of a decarbonized society by promoting decarbonization products and EVs.
	¥30.0 billion	¥50.0 billion	○	**¥32.1 billion**	
	¥27.0 billion	¥36.7 billion	○	**¥40.0 billion**	
	¥20.0 billion	¥24.0 billion	○	**¥30.0 billion**	
	33%	36%	○	**35%**	We will foster a corporate culture that respects and acknowledges diverse values, perspectives, and human rights, and create an environment where employees can thrive.
	200 persons	219 persons	○	**400 persons**	
	Establishment of human rights policy	Establishment of human rights policy	○	**Content update**	
	Less than 12 hours	12.2 hours	○	**Less than 12 hours**	
	¥25.0 million	¥31.88 million	○	**¥30.0 million**	
	—	—	*1 and other measures implemented	—	We will conduct sustainable business activities by managing risks and complying with laws and regulations.
	—	—	*2 and other measures implemented	—	
	—	—	*3 and other measures implemented	—	

Materiality—Providing Safe and Secure Services that Offer a High Level of Convenience

The JACCS Group positions the provision of "safe and secure services that offer a high level of convenience" to customers, member stores, and business partners as the most important issue at the core of its business, with the consumer credit business, including the credit business and the credit card and payments business, as its core operations.

Improving Customer-Contact Service Quality

At JACCS, in order to reflect our customers' opinions, requests, and inquiries in our operations, we collect customers' "voices" into a database, and when customers point out matters that require improvement or correction, we have a system in place to promptly review and address them. We are also working to share information by centralizing the opinions and requests from customers and the results of responses, including those received at the customer center.

JACCS' customer center received the highest ranking of "3 stars" in the Quality Rating (Center Evaluation) section of the 2024 HDI Benchmarking program, organized by HDI. This marks the fourth consecutive year that JACCS has received this rating in the telephone division, and the first time achieving it in the email and chat division.

In the telephone division, we received the highest rating in three categories: Service organization, response skill, and process/ response handling procedures. In the email and chat division, JACCS was also recognized for its approach of providing support with a respectful and attentive attitude toward customers.



Promoting the Shift to a Cashless Society

● Provision of Multi-Payment Services

At JACCS, we offer a range of multi-payment services, including Visa, MasterCard, and JCB-branded JACCS cards, various code-based payments, e-money, and contactless IC payment services provided by Apple Pay and Google Pay™. In addition, we are engaged in acquiring operations for Visa and MasterCard. Through these offerings, we meet diverse payment needs and promote the transition to a cashless society.

● Provision of House Pay, Which Enables the Development of Original Pay Services for Member Stores

JACCS provides the service House Pay, which enables the development of original pay services for member stores, promoting the transition to a cashless society. By incorporating payment functions into apps offered by alliance partners, it is possible to provide one-stop service from sales promotion to payment. This enables the instant and easy issuance of co-branded cards, allowing customers to receive usage rewards in real time.

In addition to co-branded cards, customers can also pay using other companies' credit cards (Visa/MasterCard), prepaid cards, and bank accounts, thereby enhancing customer convenience and fostering customer retention.

● The Value Provided by House Pay

1. Built-in payment functions within apps offered by alliance partners

- Providing everything from promotions to payments in a single app enhances its convenience, leading to an increase in the frequency of use.
- Promoting customer loyalty through the point functions offered on co-branded and prepaid cards allows for the expansion of the loyal customer base.

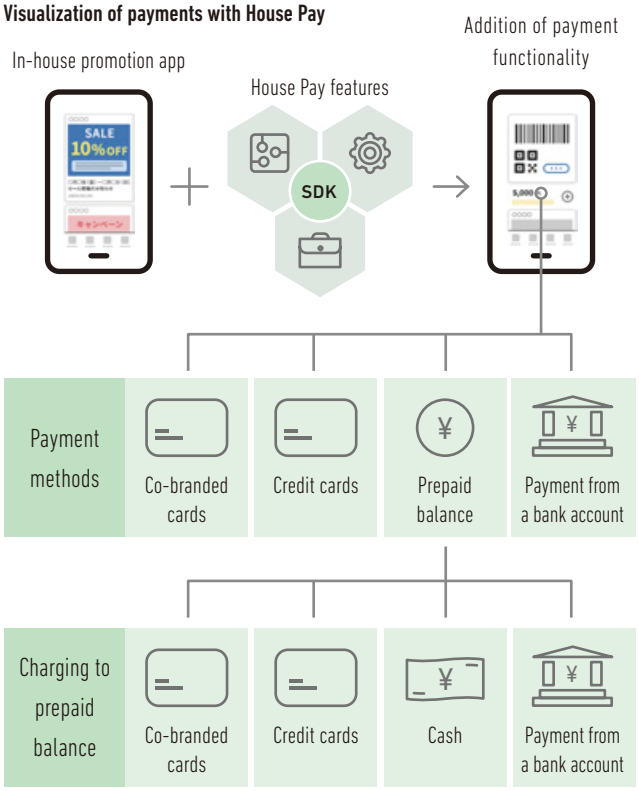
2. Improved customer convenience and checkout speed

- Customers can make cashless payments using a smartphone app, which leads to faster checkout times.

3. Reduction of member store fees

- When payments are made using co-branded cards or prepaid cards, JACCS-exclusive transaction fees apply, which can be expected to reduce fee costs.

Visualization of payments with House Pay



Enhancing the Sophistication of Information Security

● Basic Approach (Overview)

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

● Basic Policy on Information Security

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

● Information Security Management System

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

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

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

● Activities to Maintain Information Security

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



● Continuous Strengthening of Cybersecurity

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

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

For further details about information security, please refer to the following website:
https://www.jaccs.co.jp/en/corporate/sustainability/society/information-security/

Materiality—Protecting the Environment: Initiatives Regarding the TCFD Recommendations

Underpinned by the management principle that "JACCS contributes to the realization of a future inspired by dreams and an affluent society," the Group is committed to achieving a sustainable society and enhancing corporate value by addressing environmental and social issues through its business activities, in line with its Basic Policy on Sustainability.

Within environmental issues, we recognize that climate change in particular is one of the issues that has a serious impact on customers, member stores and other business partners, and the Group's business operations. We have identified protecting the environment as a materiality, and are actively working to reduce our environmental footprint.

In 2023, JACCS expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD). The four key thematic areas—Governance, Strategy, Risk Management, and Metrics and Targets—are as follows.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Governance

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



Strategy

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

Scenario analyses hypothesize a range of climate change scenarios, including a 1.5°C scenario. These analyze medium- to long-term changes in the social environment and the Group's business environment driven by climate change, including both risks and opportunities.

Risks

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

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

Opportunities

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

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

Risk Management

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

The JACCS Group considers risk management a top management priority and, under the JACCS Group's Risk Management Regulations, has established the Risk Management Committee to systematically and comprehensively identify and manage significant risks surrounding the Group. At this Committee, significant risks, including climate change risks, are centrally managed and reviewed, with reports and recommendations submitted to the Board of Directors and the Management Committee.

Metrics and Targets

The JACCS Group has set targets for reducing its GHG emissions, using fiscal 2019 as the base year. By fiscal 2030, the Group aims to reduce emissions by 50% for Scope 1 and Scope 2, and by 30% for Scope 3. Furthermore, it targets achieving net zero for Scope 1, Scope 2, and Scope 3 by fiscal 2050. We are working to reduce GHG emissions through initiatives such as introducing renewable energy and eco-friendly vehicles for Company use.

Item	CO_2 Emissions (tCO_2)					
(FY)	2019	2020	2021	2022	2023	Compared to FY2019
Scope 1	1,731	1,621	1,809	1,809	1,533	(11.4%)
Scope 2	6,012	5,834	5,405	5,062	5,450	(9.3%)
Scope1 and Scope 2	7,743	7,455	7,214	6,871	6,983	(9.8%)
Scope 3	595,540	494,498	393,695	422,831	418,132	(29.8%)
1. Purchased goods and services	37,005	38,751	37,917	40,868	42,653	—
2. Capital goods	19,071	15,906	14,269	16,509	14,260	—
3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	1,446	1,424	1,288	1,173	1,196	—
4. Upstream transportation and distribution	1,889	1,856	1,668	1,400	1,242	—
5. Waste generated in operations	13	9	8	132	233	—
6. Business travel	807	819	801	791	795	—
7. Employee commuting*	5,086	5,180	5,022	4,960	4,989	—
8. Upstream leased assets	—	—	—	—	—	—
9. Downstream transportation and distribution	—	—	—	—	—	—
10. Processing of sold products	—	—	—	—	—	—
11. Use of sold products	—	—	—	—	—	—
12. End-of-life treatment of sold products	—	—	—	—	—	—
13. Downstream leased assets	530,223	430,553	332,722	357,058	352,765	—
14. Franchises	—	—	—	—	—	—
15. Investments	—	—	—	—	—	—
Total	603,283	501,954	400,908	429,702	425,115	—

* Due to errors in the calculation data, we have revised the figures for fiscal years prior to 2022. As a result, we have also revised the figures for Scope 3 and the total.

Scope 1: Direct GHG emissions by the business operator itself

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

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

Materiality—Protecting the Environment

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

Consideration for the Environment in Corporate Activities

The JACCS Group has established the JACCS Group Basic Environmental Code, and within the principles for action, it explicitly states our commitment to consistently recognizing the environmental impact of our business activities and striving to effectively utilize limited resources while reducing our environmental footprint. We are actively promoting the reduction of environmental impact through initiatives such as reducing paper usage by digitizing operational processes and recycling unneeded paper and office equipment.

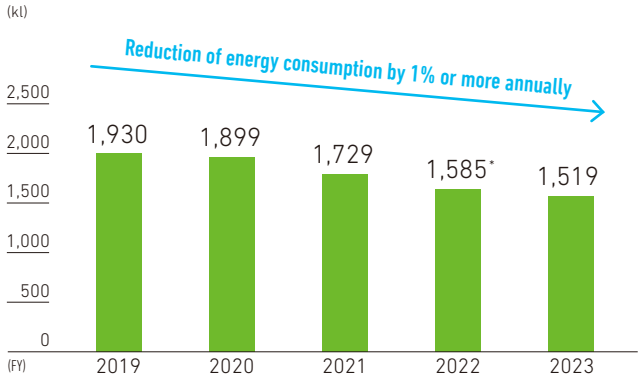
We are actively promoting energy-saving activities and reducing energy consumption through measures such as installing LED lighting, ensuring lights are turned off, setting office equipment to energy-saving modes, reducing paper usage by digitizing operational processes, and encouraging the adoption of eco-friendly Company vehicles.

Energy Consumption

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

In fiscal 2023, the Company's energy consumption was equivalent to 1,519 kl of crude oil, down 4.2% compared with the previous fiscal year.

Energy Consumption

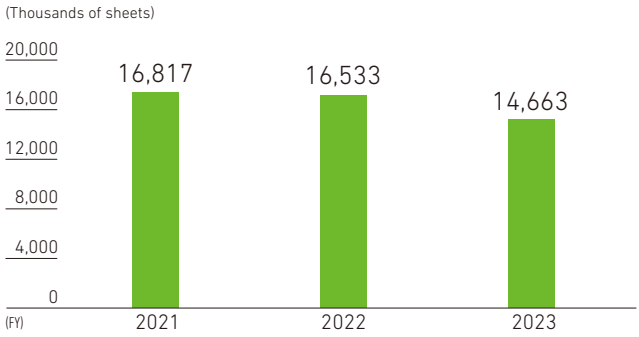


* The energy consumption for fiscal 2022 has been corrected due to errors in some of the reported data.

● Efforts Toward Paperless Operations

The JACCS Group is taking various measures to reduce paper consumption in its business activities, such as adopting paperless formats for meeting materials and proposals to business partners, double-sided copying, and printing two pages per sheet. In fiscal 2023, we expanded and promoted the digitization of paper-based business flows to further reduce costs. Specifically, we implemented electronic signatures for various contracts, digitized accounting operations centered on expense reimbursement, and digitized the application and approval process for request forms. Through these efforts, we are promoting Companywide reductions in the use of office paper and copy paper.

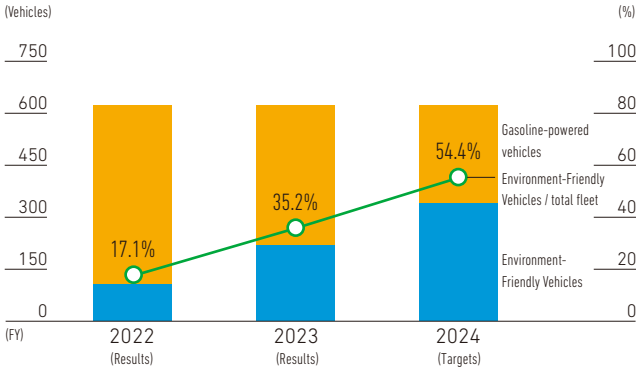
Amount of Paper Used



● Initiative for the Introduction of Environment-Friendly Vehicles

JACCS' vehicle fleet across all its business operation sites in Japan totals approximately 630 vehicles. The Company is carrying out a phased transition of roughly 50% of its vehicle fleet to either HVs or EVs by March 2025, as part of its efforts to reduce its emissions of CO_2. The Company plans to pursue its transition to EVs once the usage environment has been established—including vehicle charging infrastructure—and vehicle manufacturers have shifted to mass production. By changing over our fleet to environment-friendly vehicles, we will curb gasoline consumption, thereby actively contributing to our efforts to tackle environmental protection.

Targets for Environment-Friendly Vehicle Introduction from Fiscal 2022 to Fiscal 2024

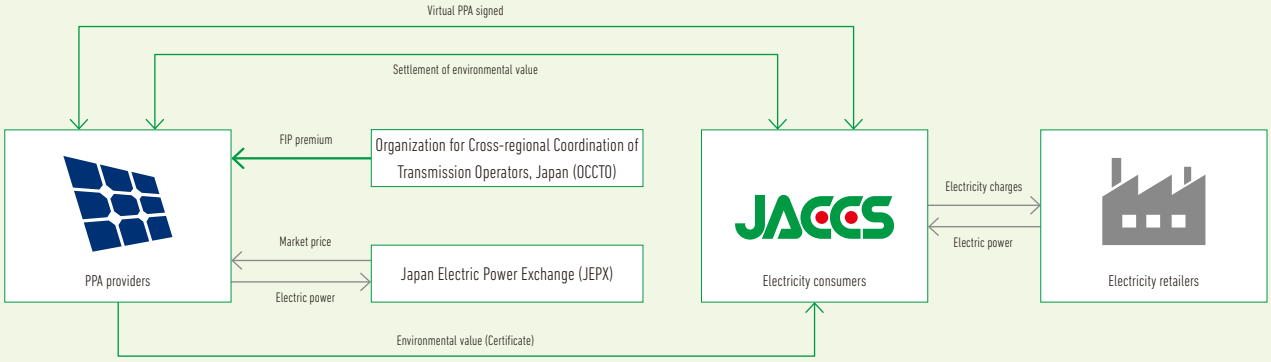


Materiality—Contributing to the Realization of a Decarbonized Society

Utilizing Renewable Energy

The JACCS Group has set GHG emissions reduction targets using fiscal 2019 as the base year, aiming to reduce Scope 1 and Scope 2 emissions by 50% and Scope 3 emissions by 30% by fiscal 2030, and to achieve net zero for Scope 1, Scope 2, and Scope 3 emissions by fiscal 2050. As part of our efforts, on May 29, 2024, we signed the first renewable energy non-fossil certificate transfer agreement (virtual PPA) in the consumer credit industry. The solar power plant to be installed under this agreement is expected to generate approximately 1.5 million kWh of electricity annually. JACCS will acquire the environmental value associated with this power generation. This represents the potential to cover approximately 27% of JACCS' total annual domestic electricity demand of 5.28 million kWh (fiscal 2022) with renewable energy. Going forward, we will continue to promote the use of renewable energy to achieve our goals and contribute to the realization of a decarbonized society.

Virtual PPA scheme



Virtual PPA

A power purchase agreement (PPA) is a contract in which consumers of electricity purchase renewable energy directly from providers. A virtual PPA provides a way for consumers of electricity to virtually procure the environmental value of renewable energy generated from dedicated power plants constructed outside consumers' premises.

Environmental value

Non-fossil certificates are documents that facilitate the trading of "environmental value" separately from the electricity generated by non-fossil power sources such as solar and wind. The term "environmental value" refers to the absence of CO_2 emissions during generation. Non-fossil certificates serve as proof for the trading of environmental value.

Contributing to the Realization of a Decarbonized Society through Financial Services

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

In the credit business, we were a pioneer in the consumer credit industry, focusing on providing loans for solar power generation equipment, and have contributed to the installation of more than 260,000 units to date. Additionally, we are promoting the provision of loans that will facilitate the adoption of such technologies as storage batteries, vehicle-to-home (V2H), and zero-energy housing (ZEH), as well as environment-friendly vehicles, such as EVs, FCVs, and PHVs. By supporting the generation of renewable energy and promoting the use of clean energy, JACCS is contributing to reduced CO_2 emissions.

Gifting of a Solar Power Generation System to Hakodate City

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



Hakodate City solar power generation facility

Materiality—Respecting Diversity and Human Rights

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

Key Strategies

Exhibiting Diversity

Promoting Health and Productivity Management

Developing a Transformational Workforce

Raising the Level of Employee Engagement

Targets and Progress

			(FY)	2022 Results	2023 Results	2024 Targets
Diversity	Ratio of female employees among all section manager or higher positions*1			13.3%	17.8%	19%
	Differential in pay of male and female employees *2	All employees		56.9%	58.7%	60%
		Regular full-time employees		54.6%	55.5%	57%
		Part-time and fixed-term contract employees		70.6%	75.3%	76%
Health and productivity management	Ratio of male employees taking childcare leave among those eligible *3			84.6%	129.4%	90%
	Ratio of employees who took at least 60% of their annual leave entitlement			79.3%	79.3%	85%
	Implementation ratio for secondary health tests			98.2%	98.3%	100%
Human resource development	Number of employees certified as possessing advanced digital skills			—	219	400
Engagement	Engagement score*4			3.1	3.0	3.1

*1 The ratio of female employees among all section manager or higher positions, as of April 1 following the end of each fiscal year
*2 Average female pay expressed as a percentage of average male pay
*3 The target and result in each fiscal year for the ratio of female employees taking childcare leave among those eligible is 100%.
The calculation method for the ratio of male employees taking childcare leave is as follows:
(1) Divide the number of male employees who took childcare leave in fiscal 2023 by the number of male employees whose spouses gave birth in fiscal 2023.
(2) The reason why the indicator for JACCS exceeds 100% is that, in cases where a male employee's spouse gave birth in fiscal 2022 and the employee subsequently took childcare leave in fiscal 2023, the numerator (number of male employees who took childcare leave in fiscal 2023) includes this employee, while the denominator (number of male employees whose spouses gave birth in fiscal 2023) does not.
4. This is the average score for the four engagement-related questions (on a four-point scale) that are administered to all employees.

Diversity and Inclusion

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

Promoting the Advancement of Women

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

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

Promoting the Participation of Seniors

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

Appointing Diverse Human Resources

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

(FY)	2021	2022	2023
Percentage of regular full-time employees hired mid-career*1	43.7%	59.4%*2	53.1%

*1 The percentage of mid-career recruits within total recruits of full-time regular employees in each fiscal year
*2 The result for fiscal 2022 have been revised.

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

At present, there are approximately 80 people with disabilities who are playing active roles at JACCS. The ratio of employees with disabilities as a proportion of total employees is 2.61% (as of June 1, 2024). JACCS is working to create an environment in which each of these employees is able to work with peace of mind, while the Company also takes into consideration the particular characteristics of each employee's disability.

Career Design

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

Revision of the Human Resources System

We have revised our human resources system to create a work environment that maximizes the diverse characteristics and skills of each individual and aims to enhance engagement. The outline of the system is as follows.

1. Abolition of the classification of job categories

We have abolished the job categories of Global employees and Regional employees, which were based on whether or not the positions involved relocation within Japan or internationally, and we now provide standardized evaluation criteria and compensation based on roles. Through this, we aim to expand opportunities for success that are not bound by conventional boundaries, while at the same time creating a highly fair and equitable work environment. The abolition of the classification of job categories is expected to increase wages by up to 11%.

2. Introduction of the Home Town system

In order to respect the work-life balance of employees and their families, we have introduced the Home Town system, under which employees are able to choose where they wish to live. We also promote diverse work styles in accordance with life plans by providing the option to accept or decline work location changes involving relocation. In addition, a new relocation allowance has been established, and employees who work away from their usual place of residence will receive a flat annual payment of ¥600,000.

3. Revision of starting salary

As part of our efforts to strengthen the recruitment of new graduates, we aim to secure talent that drives growth by increasing the starting salary by up to 17%.

Starting salary	Before revision	After the revision
Work location change involving relocation	¥225,000	¥250,000
No work location change involving relocation	¥197,000	¥230,000

Career Interviews and Internal Advertisement of Job Opportunities

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

Human Resource Development System

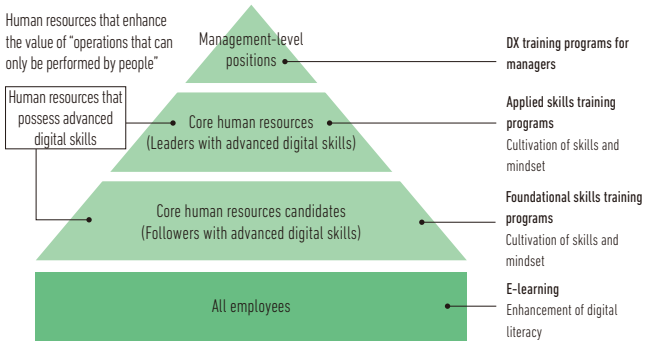
JACCS implements a wide variety of training programs aimed at promoting the growth of each individual employee.

Training and Self-Development System

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

Cultivation of Human Resources that Possess Advanced Digital Skills

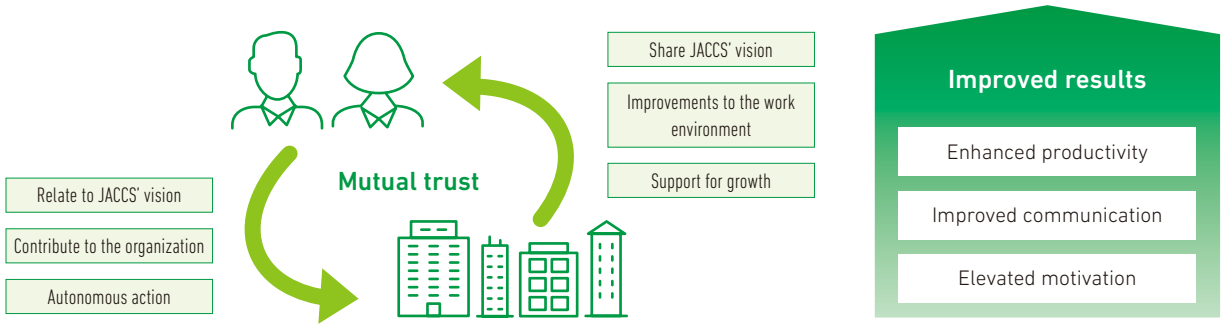
JACCS undertakes initiatives to cultivate human resources that possess advanced digital skills. Such human resources enhance the value of "operations that can only be performed by people."



Materiality—Respecting Diversity and Human Rights

Employee Engagement

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



	Measures aimed at raising the level of engagement	Desired state
Engagement surveys	Organizational development	Advancement based on combining and maximizing the power of individuals in the organization
	Overhaul of the personnel system	Increase in job satisfaction and pride
	Improvement of operational efficiency	Creating time for taking up new challenges

Engagement Surveys

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

Promoting Health and Productivity Management

The Company recognizes the importance of each employee being able to work energetically and with peace of mind while maintaining a high level of physical and mental health. Based on a health and productivity management philosophy, the Company works strategically to maintain and improve the health of employees, and aims to realize working styles and an employee-friendly work environment in which employees can achieve a work–life balance.

Basic Policy on Health and Productivity Management

Guidelines for Conduct

1. Employees take their own initiative in efforts to realize a work-life balance, and work while maintaining a sense of satisfaction and fulfillment as they aim to lead a rich life, both physically and mentally.
2. Through efforts to reform working styles, and strengthened collaboration on health issues with the Company's health insurance society, JACCS supports the maintenance and enhancement of employee health. JACCS' fundamental policy is to aim for the realization of an open, employee-friendly work environment.

Promotion of Work–Life Balance

The Company recognizes the importance of each employee being able to work energetically and with peace of mind while maintaining a high level of physical and mental health. Based on this recognition, the Company aims to make "qualitative improvements to the work environment."

JACCS Work–Life Balance Promotion (JWP)

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

● Overview and Results of Initiatives

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

(FY)	2021	2022	2023	Target (KPI)
Achievement ratio	99.1%	98.6%	99.2%	100%

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

2. At least 60% of annual leave days used

(FY)	2021	2022	2023	Target (KPI)
Ratio of employees who took at least 60% of their annual leave entitlement	74.2%	79.3%	79.3%	85%

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

(FY)	2021	2022	2023	Target (KPI)
Employees' average monthly overtime hours	12.9 hours	11.7 hours	12.2 hours	Less than 12 hours

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

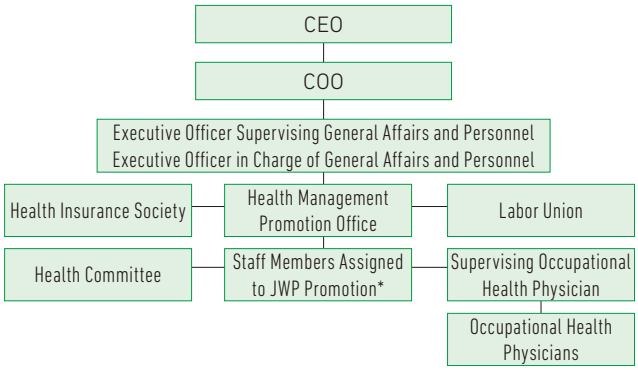
● JACCS Group Life Care Points (JLP)

The Company, in collaboration with the JACCS Health Insurance Society, implements the JLP program, while coordinating this with a wide range of initiatives and programs. JACCS is working to develop an environment in which employees can take the initiative in maintaining and enhancing their own health and engaging in self-development and study. As part of these efforts, the Company awards JLP to employees who achieve the following program targets. JLP may be exchanged for a range of electronic coupons and goods.

● Main Initiatives and Targets

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

Organizational Structure of Health and Productivity Management



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

Implementation of Periodic Health Check-Ups

This initiative is necessary to help each individual employee maintain their own health in good condition. The Company provides regular communication and educational information using such methods as notices and email. From fiscal 2020, the Company introduced a medical check-up management system. Under this system, the Company undertakes early response through recommendations to undertake examinations, etc., vis-à-vis employees who require follow-up testing or detailed examinations. This is based on strengthened management of health check-up data. These measures are designed to prevent disease or illness from becoming severe.

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

(FY)	2021	2022	2023	Target (KPI)
Achievement ratio	100.0%	100.0%	100.0%	100%

* Actual figures

Mental Health Support Measures

● Stress Checks

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

● Stress Check Implementation Ratio

(FY)	2021	2022	2023	Target (KPI)
Achievement ratio	99.8%	100.0%	99.9%	100%

● Results of Stress Checks

(FY)	2021	2022	2023	Target (KPI)
Overall health risk	100	99	97	100

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

● Understanding Actual Conditions in the Work Environment

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

● JACCS Health Dial

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

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

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

Materiality—Respecting Diversity and Human Rights

Acquisition of Various Certifications

JACCS has received various selections and certifications based on the high appraisal of its initiatives to date.

1. Health and Productivity Stock 2024

The Health & Productivity Stock selection, which primarily includes one company per industry, is jointly conducted by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange to recognize listed companies that demonstrate excellence in health and productivity management. These companies strategically approach employee health management from a management perspective. This is the first time for JACCS to be selected. As a company committed to health and productivity management, JACCS provides information on health and productivity management to its partner companies and encourages them to comply with occupational health and safety regulations, as well as to obtain relevant certifications.

2. Certified Health and Productivity Management Organization, 2024 Recognition Program ("White 500")

This program was launched in 2016, and is operated by the METI. The program awards companies that have been recognized as high-quality health and productivity management organizations. The top 500 organizations from among those certified within the large organizations category are awarded "White 500" status. JACCS has received White 500 certification for seven consecutive years since 2018.

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

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

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

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

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

Human Rights

Establishment of JACCS Group Human Rights Policy

In light of the growing importance of respecting human rights in corporate activities due to the diversification of human rights issues in recent years, we have newly established the JACCS Group Human Rights Policy.

Under this policy, the JACCS Group supports and respects human rights standards, including the UN International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), and will conduct its business activities in accordance with the UN Guiding Principles on Business and Human Rights. We aim to realize a society in which the human rights of all people involved in our business activities are respected.

Efforts to Respect Human Rights

Moving forward, we will develop a comprehensive framework that incorporates external expertise and the results of stakeholder dialogues. This framework will aim to promote initiatives with our member stores and outsourcing partners, as well as advance efforts within our overseas affiliated companies.

For further details on the JACCS Group Human Rights Policy, please visit the JACCS website at:
https://www.jaccs.co.jp/en/corporate/sustainability/govenance/basicpolicy/human_rights/

Social Contribution Initiatives

The JACCS Group has established a Basic Policy on Social Contribution Activities and carries out its social contribution activities centered on three priority areas: Local communities, the next generation, and the environment.

JACCS Group Basic Policy on Social Contribution Activities

In order "to contribute to the realization of a future inspired by dreams and an affluent society," the JACCS Group engages in social contribution activities that prioritize harmonious coexistence with local communities and foster a corporate culture in which executives and employees participate voluntarily as good corporate citizens.

Three Priority Areas

Local communities

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

Next generation

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

Environment

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

Social Contributions through Charitable Donations

Examples of Initiatives in Fiscal 2023

Initiative	Summary
Donations to assist communities affected by natural disasters	Donations to the Japanese Red Cross Society for the 2024 Noto earthquake • Donations by the Company, executives, and employee volunteers ¥8.12 million • Donations by cardholders* ¥3.98 million * Accepted as an exchange product for points in the Lovely Point program, where customers accrue loyalty points based on their card usage.
Japan Guide Dog Association (JGDA) Card	Approximately ¥16.57 million donated to the JGDA through the donation of a set percentage of card transactions
Donation of loyalty points earned on employees' credit cards	Total of ¥5.30 million donated to 10 organizations, including the NPO Gold Ribbon Network, which supports child cancer patients
Other donations	Establishment of Japan Heart Asia Pediatric Medical Center by the NPO Japan Heart Donation to the project: ¥10 million

Support for Kodomo-Shokudo across Japan

In 2023, JACCS began a two-year program to support Kodomo-Shokudo, which not only provides meals for children but also creates a place for them to stay and interact, supporting their learning. In fiscal 2023, utilizing the JACCS Group's bases nationwide, executives and employees directly delivered donated items to 84 Kodomo-Shokudo locations in the summer and winter, deepening relationships with local residents.



Started a Forest Conservation Project

In 2023, JACCS launched the JACCS Forest Creation project, aimed at environmental conservation. This project, carried out in collaboration with the NPO The Life style Research Institute of Forests, is a five-year forestry initiative aimed at promoting forest restoration and regeneration in Hokkaido, where JACCS has historical ties.



In the first activity, carried out in October 2023, employees from four sites in Sapporo participated in planting 510 trees at the foot of Mount Kamuishiri.

Bringing Children to Professional Baseball Games

In September 2023, JACCS invited a total of 85 people, including children with cancer and their families, and children from child welfare facilities in Hokkaido, to a game hosted by the Hokkaido Nippon-Ham Fighters. This fifth event was held for the first time at the Hokkaido Nippon-Ham Fighters' home stadium, "Es Con Field Hokkaido." Ten JACCS employees and their family members participated as volunteers, supporting special programs such as the ceremonial first pitch, as well as assisting the invitees during the game.



Social Contribution in the Philippines

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

JACCS FINANCE PHILIPPINES CORPORATION, an affiliated company in the Philippines, collaborated with the NPO DEAR ME on two occasions, in August and November 2023, to provide educational support and learning opportunities for poor children in the Philippines. Through workshops and other activities, participants deepened their interactions and experienced the joy and importance of learning.





Materiality—Advancing the Quality of Corporate Governance: Corporate Governance

Overview of Corporate Governance at the JACCS Group (As of June 27, 2024)

Organizational format:	Company with Audit & Supervisory Board members
Number of directors:	11
Number of outside directors:	4
Number of outside directors designated as independent:	4
Term of office of directors:	1 year
Number of Audit & Supervisory Board members:	4
Number of outside Audit & Supervisory Board members:	2
Number of outside Audit & Supervisory Board members designated as independent:	2
Term of office of Audit & Supervisory Board members:	4 years
Accounting auditor:	KPMG AZSA LLC
Use of executive officer system:	Yes

Fundamental Corporate Governance Philosophy

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

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

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

Policy Regarding Shareholdings

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

As of March 31, 2015, the Company held shares in 115 companies. However, by March 31, 2024, this figure had been reduced to 38 companies.

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

Corporate Governance Structure

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

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

Board of Directors

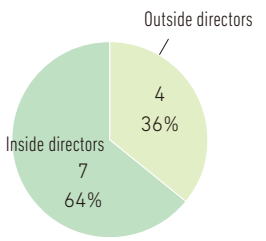
The Board of Directors determines the Company's basic management policies, and makes decisions regarding important operational matters and other matters delegated by resolution of the General Meeting of Shareholders. The Board of Directors also makes decisions on matters stipulated by law and the Company's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

With regard to meetings of the Board of Directors convened in fiscal 2023, the following is a sample of resolutions and reports carried out over the year.

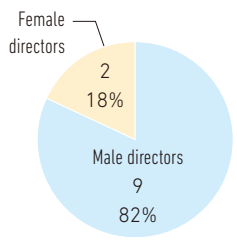
Resolutions	Business plans, financial results, dividends, agenda of the General Meeting of Shareholders, establishment of various basic policies, fundraising, organizational overhaul, personnel changes, office relocation, policy for strategic shareholdings, sale of shares, capital increase of subsidiary, disposal of treasury stock related to stock-based compensation, directors and officers (D&O) insurance contracts, etc.
Reports	Change in accounting treatment, status of improvements to the internal control system, status of corporate bond issuance, evaluation of the effectiveness of the Board of Directors, audit plan, activity status of internal audit, status of dialogue with shareholders and institutional investors, status of sustainability initiatives, transaction policy with member stores, status of efforts to respect human rights, etc.

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

Ratio of Outside Directors within the Board of Directors



Gender Ratio within the Board of Directors



(As of June 27, 2024)

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 internal directors nominated by the COO and executive officers responsible for supervising each function of the Company's business organization. In principle, the committee convenes three times per month and broadly considers and deliberates on matters delegated by the Board of Directors, important operational matters, and various issues.

Audit Office

The Company has established the Audit Office, which reports directly to the COO, as an independent internal audit unit. The office evaluates the compliance of procedures, carries out internal audits based on risk, and considers and evaluates the effectiveness of risk management control and governance processes for the overall operations of each JACCS Group business site.

Accounting Auditor

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

Committees

● Nominations Advisory Committee

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

In fiscal 2023, the Nominations Advisory Committee convened once, and carried out the nomination of representative directors, directors, and executive officers responsible for supervising specific functions. The committee reported its findings to the Board of Directors.

● Remuneration Advisory Committee

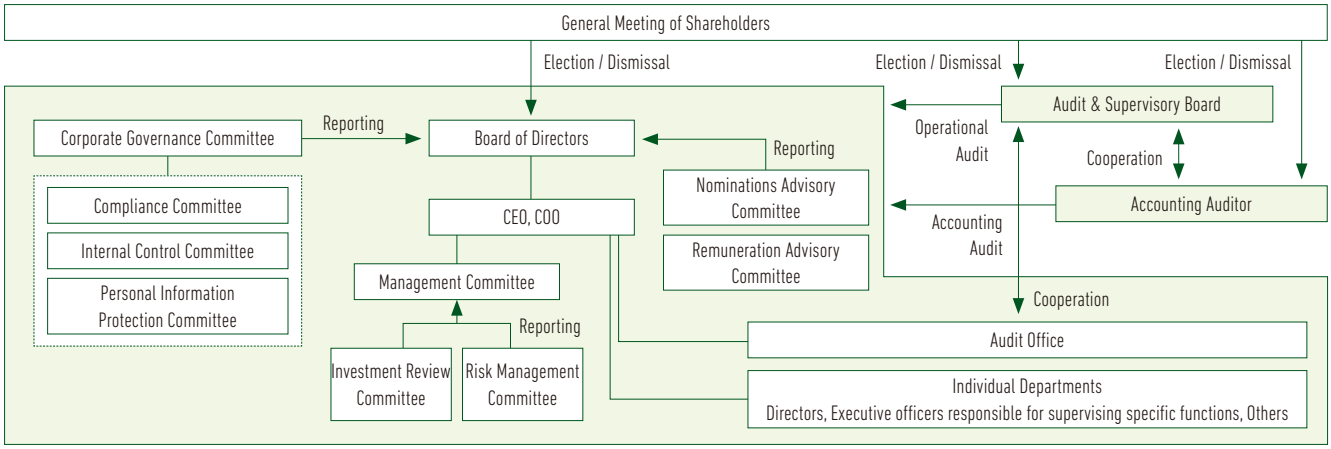
The Company has voluntarily established the Remuneration Advisory Committee as an advisory body to the Board of Directors. The committee considers and debates the performance of directors and executive officers responsible for supervising specific functions and the content of their remuneration, and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

In fiscal 2023, the Remuneration Advisory Committee convened once, and carried out evaluation of the performance of directors and executive officers responsible for supervising specific functions. The committee examined and discussed the content of remuneration, etc., and reported its findings to the Board of Directors.

● Corporate Governance Committee

The Company has established the Corporate Governance Committee as a body reporting directly to the Board of Directors. In fiscal 2023, the Corporate Governance Committee met twice to consider and debate matters relating to the following, and reported its findings to the Board of Directors.

Corporate Governance Structure



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

The Corporate Governance Committee is chaired by the CEO and comprises representative directors, each of the directors responsible for supervising general affairs and personnel, compliance, and risk supervisory, and outside directors. By including outside directors as committee members, the Company ensures the effectiveness of the committee. Audit & Supervisory Board members (including outside Audit & Supervisory Board members) have the right to attend meetings of the committee, whether or not their attendance is specifically requested.

● Risk Management Committee

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

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

The Risk Management Committee is chaired by the COO and comprises the members of the Management Committee, the general manager of the Audit Office, and, as required, general managers of headquarters departments and officers appointed by nomination. The committee is held in principle four times a year.

The committee may call JACCS officers or employees that are not committee members, as well as outside experts, and full-time Audit & Supervisory Board members have the right to attend meetings of the committee, whether or not their attendance is specifically requested.

● Investment Review Committee

The Company has established the Investment Review Committee as an advisory body to the Management Committee. The Investment Review Committee evaluates and discusses the growth potential, profitability, and related risks of investments, and reports its findings to the Management Committee.

The Investment Review Committee is chaired by the COO and comprises internal directors, as well as officers and, as required, general managers of headquarters departments appointed. The committee may call JACCS officers or employees that are not committee members, as well as outside experts, and full-time Audit & Supervisory Board members have the right to attend meetings of the committee, whether or not their attendance is specifically requested.

Outside Directors and Outside Audit & Supervisory Board Members

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

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

<Standards for the Independence of Outside Officers>

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

The lead independent outside director is appointed from among the independent outside directors through mutual election. We have also established an Outside Officer Liaison Committee comprising outside directors and outside Audit & Supervisory Board members to exchange information and share awareness.

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

Attendance at meetings of the Board of Directors and meetings of the Audit & Supervisory Board during fiscal 2023 was as follows.

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

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

Evaluation of Effectiveness of the Board of Directors

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

In fiscal 2023, the Company carried out a questionnaire survey vis-à-vis directors and Audit & Supervisory Board members, which took into account the previous year's issues. The themes of the survey were: composition of the Board of Directors; operation of the Board of Directors; fullness of deliberation of the Board of Directors; support structure for the Board of Directors; management strategy and business strategies; corporate ethics and risk management; and enhancement of relationships with shareholders and other stakeholders. As a result of analysis and evaluation, the Company recognized that there had been an improvement in efforts to address issues of the previous year. Furthermore, in addition to these results, the Board of Directors discussed ongoing issues and responses that should be carried out, including those relating to management conscious of the cost of capital. The Company recognized that effectiveness of the Board of Directors as a whole was largely obtained.

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

Skills Matrix of Directors

(As of June 27, 2024)

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

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

Compensation of Officers

Total compensation of directors is set by a resolution of the 90th Ordinary General Meeting of Shareholders, held on June 25, 2021, within a maximum annual limit of ¥600 million. Within this total, the total annual compensation of outside directors is set within a maximum annual limit of ¥50 million. At present, there are 11 directors, including four outside directors. A resolution of the Ordinary General Meeting of Shareholders, held on June 28, 2018, set a maximum annual limit for total monetary compensation under the restricted stock compensation plan at ¥126 million, and a maximum annual limit for total monetary compensation claims and cash under the performance share unit (stock-based program linked to business performance) at ¥72 million.

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

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

1. Compensation of Executive Directors

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

(i) Basic compensation (Cash compensation)

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

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

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

2. Compensation of Outside Directors

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

3. Procedures for Determining Compensation of Officers

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

4. Compensation of Audit & Supervisory Board Members

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

Total compensation by officer category, type of compensation, and number of directors or Audit & Supervisory Board members in fiscal 2023 is shown in the table below.

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

Officer category	Total compensation (Millions of Yen)	Total compensation by type (Millions of Yen)					Number of directors or Audit & Supervisory Board members
		Basic compensation	Stock-based compensation utilizing shares with restriction on transfer	Retirement allowance	Performance share unit	Non-cash compensation, etc., included within the amount shown on the left	
Directors (excluding outside directors)	374	329	45	—	—	—	9
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	42	42	—	—	—	—	2
Outside officers	50	50	—	—	—	—	7

Notes:1. The amounts presented have been truncated to whole million-yen amounts.
2. Pursuant to resolutions of the 90th Ordinary General Meeting of Shareholders, held on June 25, 2021, the total annual amount of directors' compensation is set within a ¥600 million limit (including the total annual amount of compensation of outside directors set within a ¥50 million limit), and the total annual amount of compensation of Audit & Supervisory Board members is set within an ¥80 million limit.
3. The directors' compensation presented in the above table includes that of one director whose term of office ended at the conclusion of the 92nd Ordinary General Meeting of Shareholders, held on June 29, 2023.
4. The officers' compensation presented in the above table includes that of one outside director whose term of office ended at the conclusion of the 92nd Ordinary General Meeting of Shareholders, held on June 29, 2023.

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

The Company works to dispatch notices of convocation of the General Meeting of Shareholders as early as possible. Notice of the Ordinary General Meeting of Shareholders held on June 27, 2024, was dispatched on June 5, 2024. An English translation of the notice of convocation (summary version) is published on the JACCS website. To promote the exercise of voting rights, the Company participates in an electronic voting platform.

Status of Dialogue with Shareholders and Institutional Investors

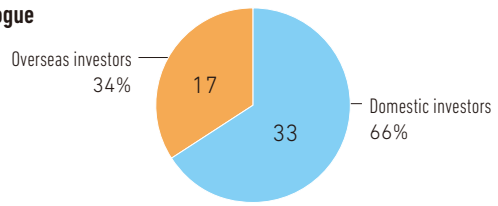
To contribute to sustainable growth and the medium- to long-term enhancement of corporate value, JACCS has made the director responsible for supervising corporate planning responsible for dialogue with shareholders and institutional investors. By carefully explaining such matters as JACCS' management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

The status of dialogue in fiscal 2023 was as follows.

Dialogue Status and the Principal Responders from JACCS

	Principal responders	Progress
Financial results briefings for institutional investors	President and Representative Director, CFO, directors responsible for supervising each business, General Manager of Business Strategy	Each half-year
Individual meetings with institutional investors	CFO, senior executive officers (responsible for supervising corporate planning, general affairs and personnel, accounting and finance), executive officer (General Manager of the Corporate Communications Department), Corporate Communications Department, Finance Department	81
Briefings for individual investors	Executive officer (General Manager of the Corporate Communications Department)	1

Outline of Shareholders and Institutional Investors that Participated in Dialogue



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

● Main Dialogue Themes and Main Items of Interest to Shareholders and Institutional Investors

- Progress of interest rate hikes and their impact on business performance
- Current status and outlook of used-vehicle market
- Current status and outlook of overseas business
- Synergies and relationship with MUFG
- Details of the securitization of receivables and future policy
- Impact on performance of interest rate rises, and countermeasures
- Factors behind the increase in expenses related to doubtful accounts
- Measures and policies aimed at improving P/B ratio
- Shareholder return policy
- Holding policy for strategic shareholdings

Insights gained through dialogue

We received a broad array of opinions from shareholders and investors. This included the views on growth potential of both JACCS and the market, and regarding shareholder return. To meet the expectations of all stakeholders, we will practice management that is conscious of cost of capital and work to enhance IR disclosure and dialogue, aiming to improve our corporate value.

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

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

Results of dialogue

- Expanded disclosure content for financial results materials
- Revision of the dividend policy during the medium-term business plan period (increase the target consolidated dividend payout ratio from 30% to 35% by fiscal 2024 in stages)

Internal Control

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

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

Furthermore, the Company has established the Basic Policy Relating to the Internal Control System. For further details, please refer to the JACCS website at:

https://www.jaccs.co.jp/en/corporate/sustainability/govenance/basicpolicy/system/

Compliance

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

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

Anti-Money Laundering and Combating the Financing of Terrorism

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

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

https://www.jaccs.co.jp/en/corporate/sustainability/govenance/compliance/anti-moneylaundering/

Materiality—Advancing the Quality of Corporate Governance: Strengthening Risk Management

Basic Risk Management Policy

To achieve sustainable growth and enhance corporate value over the medium to long term, the JACCS Group positions risk management as its most important management issue. In accordance with the JACCS Group's Risk Management Regulations, we are promoting ERM to advance our risk management capabilities.

The JACCS Group's basic policy is to comprehensively identify all major risks confronting the Group, assess them from both quantitative and qualitative perspectives, and aim to avoid or reduce losses by implementing preventive measures. We also take appropriate risks within the bounds of our risk tolerance.

Risk Management System

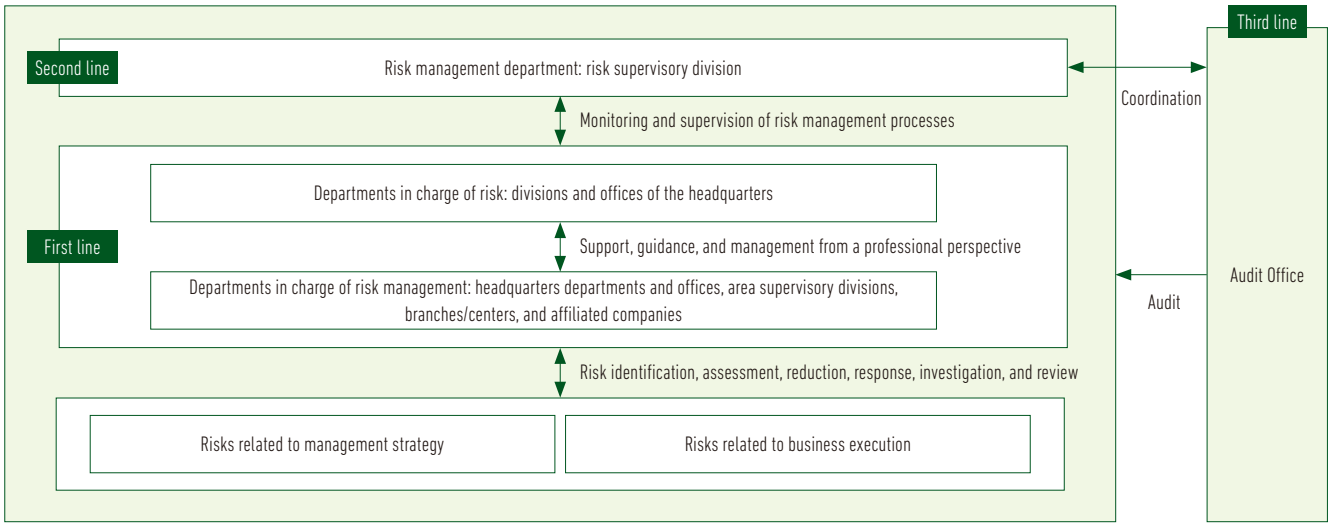
JACCS has established the Risk Management Committee and the Investment Review Committee as meeting bodies chaired by the COO. The contents of the discussions and deliberations of each committee are reported to the Management Committee and the Board of Directors as necessary to ensure the effectiveness of ERM. With an offensive and defensive system, management is able to make decisions based on an understanding of various risk situations.

Risk Management System Diagram



In terms of risk management, we have established a risk management framework based on the three lines of defense model. The first line is responsible for the implementation of risk management as the risk owner. The second line monitors and supervises the risk management processes carried out by the first line and manages risk centrally. The third line, as an internal audit unit, audits the effectiveness of the risk management processes, in addition to auditing business operations and internal controls. Risk information extracted by internal audits is shared with the risk supervisory division (second line) and reflected in improvements to the risk management processes of the first line.

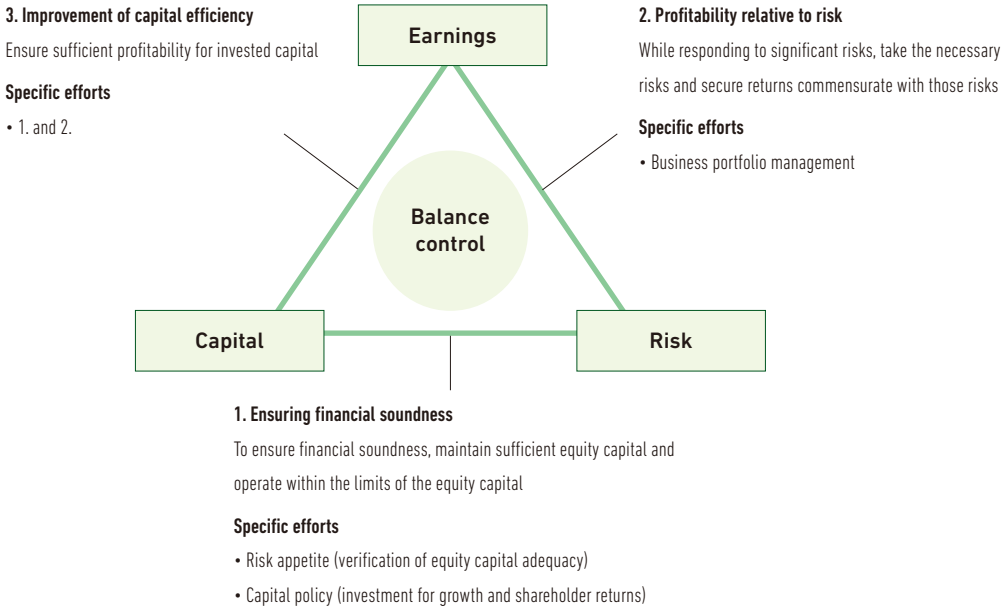
Three Lines of Defense



Integrated Risk Management (ERM) Initiatives

In April 2023, the risk supervisory division was established as the department in charge of risk management to promote ERM. Our traditional risk management approach focused on qualitative assessments and risk mitigation centered around operational risks, emphasizing defensive risk management. However, in response to changes in the internal and external risk environment surrounding the JACCS Group, we have developed a proactive risk management framework that enables appropriate risk-taking through the quantification of risks, including risk appetite. We conduct centralized management of the JACCS Group's risk management to ensure its soundness. In addition to verifying the adequacy of our equity capital through risk quantification, we aim to enhance the sophistication of our business portfolio management.

Conceptual Diagram of Integrated Management of Earnings, Risk, and Capital

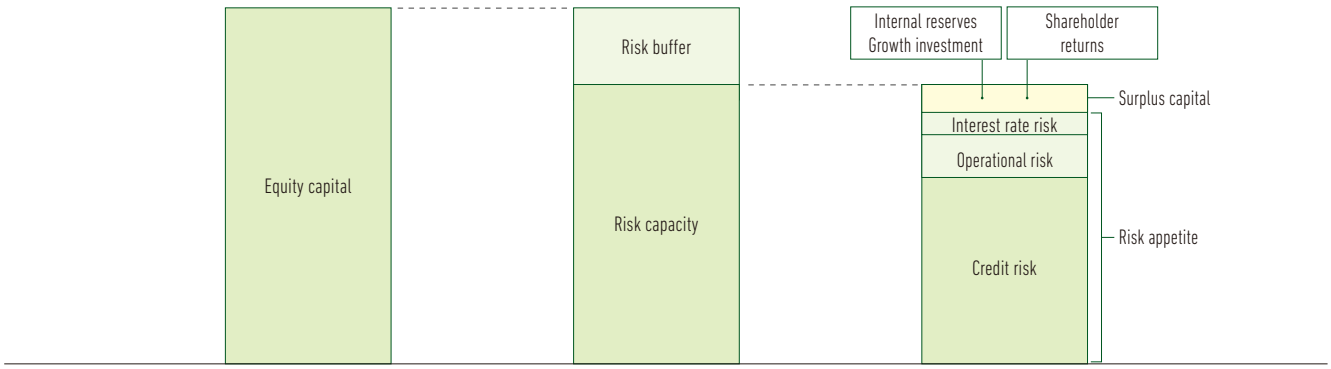


● Ensuring Financial Soundness

The JACCS Group quantifies credit risk, interest rate risk, and operational risk, and verifies and monitors the adequacy of its capital by comparing the amount of these risks against its equity capital.

We set our risk capacity (the maximum amount of risk we can accept) after providing a risk buffer to account for fluctuations in risk to equity. The difference between risk capacity and risk appetite (the type and amount of risk we are willing to take on) is considered surplus capital, which is used to make strategic decisions to increase corporate value, such as investment for growth and shareholder returns.

At the end of March 2024, the measured risk amount remained within the limit of risk capacity, ensuring adequate financial soundness for the execution of the current business strategy.



● ERM-Based Business Portfolio Management

The JACCS Group engages in business portfolio management in which it evaluates and allocates resources based on the profitability and growth potential of risk assets, aiming to take on the necessary risks and secure returns that are commensurate with those risks. We have also established a basic policy for our business portfolio and developed a strategy based on our domestic and overseas business segments, focusing on four main areas: the credit, credit card and payments, financing, and overseas businesses. Furthermore, in addition to allocating resources to promote the growth of existing businesses, the JACCS Group has established the Investment Review Committee to appropriately assess growth potential, profitability, and risk management for strategic investments, including new businesses and M&A. Through these efforts, we conduct comprehensive evaluations and monitoring of each business, considering factors such as growth potential, capital efficiency, risk-adjusted profitability, and growth strategy. To ensure appropriate risk-taking, we regularly discuss the strategic positioning and operational policies of our Group businesses in Management Committee meetings, with oversight provided by the Board of Directors.

Outside Director Roundtable Discussion

“To demonstrate the effectiveness of outside directors and contribute to further enhancement of corporate value”

The JACCS Group, now in the final year of its three-year medium-term business plan, “MOVE 70,” is at a major turning point. With the Bank of Japan lifting its negative interest rate policy, the Group is advancing business portfolio reforms with a view toward the next medium-term business plan. Amid these circumstances, our outside directors exchanged opinions on topics such as the current state of oversight and how to further enhance the effectiveness of outside directors in contributing to the improvement of corporate value moving forward.



Yuko Shitamori
Outside Director

Apr. 1999	Joined Lion Corporation
July 2008	Director of FINCH JAPAN Co., Ltd.
Sept. 2017	Representative Director and President of IoTol Japan Inc.
July 2022	Sales Advisor of Brand Cloud Inc.
June 2023	Director of the Company (current position)
Apr. 2024	Executive Officer, LTS, Inc. (current position)

Hiroji Sanpei
Outside Director

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

Masahito Suzuki
Outside Director

Apr. 1980	Joined Kirin Brewery Company, Limited
Mar. 2007	Seconded to Kirin Beverage Company, Limited, General Manager of Accounting Department
Mar. 2008	Executive Officer and General Manager of Corporate Planning Department
Mar. 2009	Director of the Board and General Manager of Corporate Planning Department
Mar. 2012	Director of the Board & CFO of Kirin Holdings Company, Limited
Mar. 2013	Director of the Board & CFO of Kirin Holdings Company, Limited, Director of the Board of Kirin Company, Limited
Mar. 2014	Audit & Supervisory Board Member of Kirin Holdings Company, Limited, Audit & Supervisory Board Member of Kirin Company, Limited
June 2018	Outside Director of WORLD CO., LTD.
June 2018	Outside Director of AJIS Co., Ltd. (current position)
June 2018	Director of the Company (current position)
Apr. 2019	Visiting Professor at the graduate school of Tokyo Metropolitan University

Kyoko Okada
Outside Director

Apr. 1982	Joined Shiseido Company, Limited
Oct. 2011	General Manager of Corporate Culture Department
Oct. 2012	General Manager of Corporate Culture Department, and Group Leader for the 150-Year History Compilation Project
Apr. 2015	General Manager, Executive Section, General Affairs Department
June 2015	Standing Audit & Supervisory Board Member
June 2019	Outside Corporate Auditor of SUBARU CORPORATION
June 2019	Outside Audit & Supervisory Board Member of NS Solutions Corporation
June 2020	Outside Audit & Supervisory Board Member of Daio Paper Corporation (current position)
June 2021	Director of the Company (current position)
June 2022	Outside Audit & Supervisory Board Member of NEC Corporation
June 2023	Outside Director of the Company (current position)

Could you provide your overall assessment of the JACCS Group today, including the progress of "MOVE 70"?

Suzuki Looking at the financial results for fiscal 2023, while we achieved record-high revenue and income, challenges remain for fiscal 2024, such as increased expenses related to doubtful accounts and financial costs, and the need to determine the future direction of our overseas business. Regarding the domestic market, I believe that in addition to preparing for future interest rate increases, such as by introducing variable interest rate products, it is necessary to explore business transformations that are not affected by the interest rate environment.

Okada Revenue increased for the 11th consecutive year, and both ordinary income and net income attributable to owners of the parent reached record highs. However, we recognize that the situation remains challenging due to rising interest rates and increasing expenses related to doubtful accounts. I assess that the management team, aware of the deceleration in the overseas business, is feeling a sense of urgency and carefully analyzing changes in the business environment while advancing discussions on medium- to long-term strategies. In particular, the substantial impact of the revision of the personnel system is evident, and we expect each employee to play more impactful roles than ever before.

Shitamori In the auto loan field, we highly value the strength of our sales force, which minimized the impact of the suspension of new applications from major used-vehicle dealerships. From a management perspective, it is especially important during times of strong performance to go beyond simply reporting results and engage in discussions on the factors behind the performance growth. This approach is likely to lead to further growth in the future.

Sanpei I think it was no small feat for our employees to achieve an increase in revenue and income by offsetting the impact from major used-vehicle dealerships. I believe that this is the result of our efforts under the founding philosophy, with "trust" as the key word. On the other hand, in fiscal 2023 negative factors such as the slowdown of the overseas business became more apparent than expected.



I think the question going forward will be how we will address this in our next medium-term business plan and build a more resilient structure. It is necessary to provide a direction that covers weaknesses while leveraging strengths.

Shitamori In terms of the strengths of the Company, I feel that the founding philosophy has been fully instilled, also among those who have joined the Company mid-career, and that this has shaped the corporate culture.

Okada In the context of increasing mobility, diversity, and globalization of human resources, it is necessary to clearly visualize these strengths.

Suzuki In the future, it may be necessary to foster employee awareness not only of quantitative targets but also of the Company's strengths and essential objectives in a more meaningful and purpose-driven way.

Sanpei JACCS highly values not only results-based performance but also those who achieve success through dedicated and sincere effort. We see this approach as the foundation that nurtures the growth of the aforementioned employees and contributes to the strength of the Company.

What is your assessment of the activities and challenges in the various committees (the Nominations Advisory Committee, Remuneration Advisory Committee, and the Corporate Governance Committee)?

Sanpei Regarding the Nominations Advisory Committee, rather than simply endorsing the list of executives prepared by the Company, the framework allows us to conduct our own assessments of the candidates through interviews, which gives me the impression that the succession plan is basically well managed.

Shitamori I feel that, overall, the committees' activities remain confined to reporting. In the succession plan, having a discussion platform involving external third parties is essential, so I believe there is still room for improvement in the activities of the Nominations Advisory Committee.

Okada With regard to the Nominations Advisory Committee, in addition to the individual interviews we have undertaken with executive candidates so far, we are considering increasing opportunities to engage with candidates through Board meetings and various other forums. I believe it will also be necessary to improve the quality of dialogues during committee interviews to further human resource development, formalize succession requirements, and upgrade the skills matrix in alignment with strategic management challenges. With regard to the Remuneration Advisory Committee, as some companies have begun incorporating ESG indicators such as employee engagement indexes and the ratio of female managers into executive compensation, I hope that discussions can be advanced on the establishment of KPIs at JACCS. I believe that we should consider the appointment of outside officers as the chairpersons of the Nominations Advisory Committee and the Remuneration Advisory Committee in the future.

Suzuki Regarding the Nominations Advisory Committee, the final decision rests

with the Company's CEO or representative directors, so as outside directors, we intend to focus on ensuring that the process itself is robust and well-structured. Furthermore, the formalization and standardization of succession requirements, as highlighted by Ms. Okada, along with the discussions aimed at achieving this, will serve as a key part of the process. With regard to the Corporate Governance Committee, since the locations and details of compliance issues have been significantly narrowed down, I think that going forward, it will be necessary to consider and discuss fundamental countermeasures from a higher-level perspective.

The three-year medium-term business plan, "MOVE 70," has entered its final year, and it is now time to formulate the next medium-term business plan. What do you think is necessary for the long-term and sustainable growth of the JACCS Group?

Suzuki With regard to the direction of the strategy, I think it will be inevitable to shift from an emphasis on transaction volume to an emphasis on profitability. It is also necessary to review our overseas business, examine not only new initiatives but also businesses from which we should withdraw, both in Japan and overseas, and consider asset replacement. I believe we should pursue concrete measures for human resource development and further collaboration with Mitsubishi UFJ Financial Group, Inc. (MUFG) as major themes.

Okada In formulating the next medium-term business plan, I believe it will be crucial to approach the questions of how we envision the future and how we should shape our long-term vision by both backcasting from our desired future and forecasting based on current conditions. Furthermore, I anticipate that the perspective of how the Company will globalize, including the development of personnel who can thrive overseas, will become increasingly important. As for the overseas business, we are diligently executing the revival plan. Both domestically and internationally, we will set a profitability hurdle rate, and for any businesses that do not meet this standard, we will implement improvement plans. If the hurdle rate is not reached by the deadline, I believe it will be necessary to implement business portfolio management, which would include considering a shift in the business model or even withdrawal from the business.



Shitamori In the VUCA era, for example, I believe that management should not immediately judge the success or failure of new businesses solely based on performance, but should also understand the purpose behind these challenges from various viewpoints. In the financial industry, emerging markets are expected to grow at rates that may surpass those of developed countries. I feel that this is the right time to discuss steps that will contribute to the sustainable growth of the overseas business, such as hiring experienced personnel, rather than stopping operations due to poor performance.

Sanpei With regard to the overseas business, I think it will be necessary to formulate concrete measures for how we will develop it in the future. As for the domestic business, while raising interest rates ahead of other companies may pose the risk of losing market share, it is an essential step for our long-term vision, and I believe that raising interest rates was the correct management choice, even though our earnings forecast falls short of the final-year target in the medium-term business plan. The recovery of auto loans in fiscal 2023 was made possible by our steadfast and unchanging strength in sales capabilities and on-site responsiveness, which outperformed our competitors. Within such a business model, I believe that if we, together, discuss ways to secure and expand profits and create significant momentum, there is great potential for achieving upside growth.

Suzuki The JACCS Group demonstrates tremendous strength once it has decided on a direction, so I believe that the next medium-term business plan will be of the utmost importance. Amid rising interest rates, we will be implementing measures such as raising rates on our products. However, I would like to see us advance initiatives such as developing a "consumer finance business not reliant on interest rates" and creating "products not reliant on margins" through collaborations with other companies, such as MUFG, while incorporating input from younger employees.

How do you evaluate JACCS' efforts to implement management practices that take into account cost of capital and stock price?

Sanpei We recognize that share buybacks are not particularly suitable for JACCS. In order to raise our P/B ratio, the key points are how to invest in growth, including M&A, and what kind of M&A we can carry out in businesses that can generate profits. We aim to craft and execute a growth strategy in the next medium-term business plan that will meet the expectations of stock market stakeholders and set the stage for potential stock price growth. If we cannot draw up a growth strategy based on the current trajectory, then accelerating domestic M&A and new business ventures will be a concrete solution, and we intend to keep a close eye on that as well.

Shitamori We see that the Company is taking a detailed and logical approach from

a financial perspective to improve its P/B ratio, which is below 1. However, as investors analyze and evaluate companies based on whether they are making business investments for growth, unless the Company actually invests and takes on new challenges, it will not lead to a favorable stock price assessment. We expect new business initiatives to be incorporated into the next medium-term business plan.

Okada JACCS has been working earnestly to address this issue, and we have had the opportunity to participate in discussions on several occasions. Based on our recent investor relations dialogues, I believe that stock market participants are receiving our current initiatives with a certain level of understanding. However, while JACCS has a relatively high ROE, its P/E ratio is low. We recognize that this is due to a low level of confidence in sustainable growth. As the business environment continues to change and stock prices fluctuate significantly, I believe we need to focus on raising the P/E ratio, which reflects our expected growth rate. This will require regular monitoring of our strategic initiatives' progress, communicating a clear growth narrative, and actively exploring and pursuing new business opportunities and M&A.



Suzuki With regard to the P/B ratio, I think it is very important to look at how JACCS' ratio compares to other companies in the industry, rather than whether it is above or below 1. In fact, compared to other companies in the industry, JACCS has a low P/B ratio. As Ms. Okada stated, this is due to the low P/E ratio. I believe that the means to ultimately raise the P/E ratio will be to moderately expand our business domain, develop and present concrete plans for expansion into businesses with growth potential, including M&A, and create a clear growth narrative.

Please share your expectations for further enhancement of the JACCS Group's corporate value and the role you would like to play in this process.

Sanpei There are still many cases where well-known companies in Japan lose trust due to dishonest conduct, and it cannot be said that the JACCS Group is completely free from such risks. I believe that a major challenge for us is to continuously exercise our strengths in governance, including identifying the factors that give rise to such issues. We also recognize the challenge of whether we can fulfill our roles effectively by merely attending Board and committee meetings, and think that it is necessary to increase our interactions with executives and employees to gain a deeper understanding of the Company's situation. I also believe that we should pursue a concrete growth strategy that includes new domestic businesses.

Shitamori I would like to speak from the standpoint of the IT field, which is my area of expertise. As for "defensive IT," I believe it is necessary to continue to work on areas related to cost reduction and cost structure reform. On the other hand, in terms of "offensive IT," I would like to actively participate in any specific discussions that include topics such as IT and digital currencies that can support business growth. Also, when I had the opportunity to tour the screening center and customer center the other day, I was very impressed by how actively and vibrantly the women there were working. I would also like to contribute to the career development of women and the promotion of their active participation.

Okada I think that further refining the strengths of the JACCS Group while developing and realizing pioneering initiatives and growth narratives will lead to enhanced corporate value. The core of this lies in human resources and organization, and it is my belief that human capital management will become increasingly important for the JACCS Group moving forward. To ensure that the JACCS Group continues to be the company of choice for all stakeholders, including employees, I will utilize my knowledge and experience to make various proposals in the areas of governance and diversity.

Suzuki While leveraging my past experience, my efforts will focus on advising on the direction and profitability of the overseas business, and, when necessary, on the selection of businesses from which to withdraw. At the same time, I aim to grasp the sources of strength within the JACCS Group through discussions with younger employees and assist in the formulation of a "purpose" or the equivalent.



Officers

Board of Directors

(As of June 27, 2024)



Toru Yamazaki

Chairman, CEO and Representative Director



Ryo Murakami

President, COO and Representative Director



Takashi Saitou

Director, CFO and Senior Managing Executive Officer



Kenichi Oshima

Director and Senior Managing Executive Officer
Supervisor of Credit Management and Information Systems



Ichiro Kobayashi

Director and Managing Executive Officer
Supervisor of Risk Supervisory and Compliance



Akihito Suehiro

Director and Managing Executive Officer
Supervisor of Corporate Planning and International Business



Kazuhiko Segawa

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



Masahito Suzuki

Outside Director*



Kyoko Okada

Outside Director*



Hiroji Sanpei

Outside Director*



Yuko Shitamori

Outside Director*

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

Please see the Securities Report for biographies of Directors and Audit & Supervisory Board members (in Japanese only).

https://www.jaccs.co.jp/corporate/ir/library/securityreport/

Audit & Supervisory Board Members

(As of June 27, 2024)



Yasuyuki Okumoto

Audit & Supervisory Board Member
(Full-time)



Keigo Abo

Audit & Supervisory Board Member
(Full-time)



Yusuke Komachiya

Outside Audit & Supervisory Board Member**



Hideki Ono

Outside Audit & Supervisory Board Member**

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

Executive Officers

(As of June 27, 2024)

Managing Executive Officer

Hiroki Yoshida
Business Strategy

Senior Executive Officers

Osamu Ohta
Information Systems

Toshikazu Kondo
Credit Business

Hirofumi Kato
Shutoken Area

Muneo Tobinaga
Risk Supervisory

Tatsuya Kosuge
Compliance

Satoru Yamashita
Financing Business

Takeshi Yoshikawa
Chubu Area

Kazuaki Yamazaki
JACCS FINANCE PHILIPPINES CORPORATION
Representative Director

Yasuhiko Uchiyama
Kita-Kanto Area

Shingo Asakawa
Credit Card and Payments Business

Kenji Naiki
Credit Management

Tatsuo Nakazawa
Accounting and Finance

Yosuke Sato
Kinki Area

Yoshito Shima
Kyushu Area

Takashi Kuwamoto
International Business

Masaaki Otsuka
General Affairs and Personnel

Executive Officers

Takeo Horikoshi
Auto Loans Promotion

Takeo Ueda
Payments Promotion

Hitoshi Yamada
Corporate Planning

Takashi Masumizu
Corporate Communications

Yoshitomo Suzuki
Credit Screening and Operation

Noriyuki Miyao
Risk Supervisory

Tatsumi Miura
Hokkaido Area

Tomoya Nishibe
Tohoku Area

Toshinori Hayashi
Chugoku-Shikoku Area

Tatsuya Higuchi
Compliance

Shigeru Oeda
International Business

Yasuhiro Ohhashi
Housing Loan Guarantee

Shinichi Komiyama
Credit Management

Yuji Tanabe
Shopping Credit Promotion

Yasunobu Sumitomo
Credit Card Promotion

Daiji Fukumoto
Guarantee Business

Financial Data

FY (Millions of Yen)	2014	2015	2016	2017
Summary of operations for the year:				
Total volume of new contracts	3,061,297	3,404,510	3,768,118	4,158,700
Domestic: Credit	—	—	—	—
Credit Card and Payments	—	—	—	—
Financing	—	—	—	—
Other	—	—	—	—
Domestic total	—	—	—	—
Overseas: Credit	—	—	—	—
Credit Card and Payments	—	—	—	—
Other	—	—	—	—
Overseas total	—	—	—	—
Volume of new contracts: Credit card (Note 1)	1,026,247	1,127,244	1,196,177	1,247,046
Volume of new contracts: Installment sales finance (Note 1)	307,767	446,153	640,321	782,994
Volume of new contracts: Credit guarantee (Note 1)	725,019	751,580	780,378	856,716
Volume of new contracts: Financing (Note 1)	79,235	77,348	72,667	74,386
Volume of new contracts: Other operations (Note 1)	923,027	1,002,182	1,078,573	1,197,557
Total operating revenue	108,259	113,673	119,654	134,051
Operating income	11,975	12,242	11,798	12,679
Ordinary income	11,951	12,091	11,815	12,733
Net income attributable to owners of the parent	7,107	7,569	8,724	7,859
Net cash provided by (used in) operating activities	(86,683)	(144,453)	(152,722)	(167,815)
Net cash provided by (used in) investing activities	(13,942)	(8,859)	(6,143)	(10,464)
Net cash provided by (used in) financing activities	115,197	151,897	124,318	210,159
At year-end:				
Total assets (Note 2)	3,158,044	3,437,641	3,710,582	4,193,058
Total net assets	132,846	133,282	140,287	153,123
Shareholders' equity	132,708	133,110	140,071	146,894
Interest-bearing debt	931,260	1,085,286	1,211,953	1,458,517
Balance of deferred installment income	97,765	104,253	111,767	134,296
Allowance for doubtful accounts (Note 3)	13,201	12,609	18,158	24,597
Per share data:				
Net income—basic (Notes 4 and 5)	207.10	220.10	252.95	227.32
Net assets (Notes 4 and 5)	3,863.35	3,864.05	4,055.91	4,242.44
Cash dividends (Notes 4 and 5)	70	70	75	80
Key ratios (%)**:**				
ROA (Note 2)	0.4%	0.4%	0.3%	0.3%
ROE	5.6	5.7	6.4	5.5
Equity ratio (Note 2)	4.2	3.9	3.8	3.5
Supplementary data (As of March 31)**:**				
Number of JACCS cardholders (Thousands) (Non-consolidated)	6,726	6,823	6,958	7,022
Number of shares outstanding at year-end (Note 4)	175,395,808	175,395,808	175,395,808	35,079,161
Number of employees	3,434	3,710	4,015	5,492

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

2. Previously, finance receivable-installment sales-credit guarantee and finance payable-credit guarantee were presented as corresponding asset and liability items in the consolidated balance sheets. However, from fiscal 2019 the Company made a change in accounting treatment of guarantee obligations that do not involve loan collection service, meaning these guarantee obligations are no longer presented on the consolidated balance sheets. The aforementioned change in accounting policy has been applied retroactively, and the figures for total assets and equity ratio presented for fiscal 2018 in the table above are subsequent to retroactive application of this change.

Previously, the Company presented guarantee obligations on loans and other debt held by financial institutions as well as the balance of guarantees related to receivable collection services as accounts receivable-installment sales-credit guarantee and accounts payable-credit guarantee on the consolidated balance sheets. However, the Company made a change in accounting treatment from fiscal 2022 and these figures are no longer presented on the consolidated balance sheets. The aforementioned change in accounting policy has been applied retroactively, and the figures for total assets and equity ratio presented for fiscal 2021 in the table above are those after retroactive application of this change.

3. Including allowance for loss on guarantees

4. On October 1, 2017, the Company changed the number of shares per unit from 1,000 shares to 100 shares and executed a reverse stock split (consolidation of shares) at a ratio of 1-for-5 shares of common stock.

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

2018	2019	2020	2021	2022	**2023**
4,559,202	4,981,508	4,973,421	5,273,264	5,641,393	**5,853,833**
—	—	1,302,584	1,403,443	1,644,150	**1,644,358**
—	—	2,610,412	2,690,304	2,799,212	**2,867,575**
—	—	650,906	728,072	639,935	**742,046**
—	—	365,704	399,293	472,501	**510,607**
—	—	4,929,607	5,221,113	5,555,800	**5,764,588**
—	—	35,505	44,216	73,985	**75,729**
—	—	843	655	943	**1,397**
—	—	7,465	7,279	10,664	**12,118**
—	—	43,814	52,151	85,592	**89,245**
1,306,927	1,358,230	1,271,609	—	—	**—**
1,041,888	1,259,068	1,341,756	—	—	**—**
837,565	942,765	1,001,656	—	—	**—**
86,465	85,292	54,870	—	—	**—**
1,286,354	1,336,149	1,303,528	—	—	**—**
145,836	158,610	160,650	164,070	173,506	**184,782**
14,370	16,506	16,326	26,743	31,678	**33,126**
14,448	16,700	16,506	26,786	31,769	**33,060**
8,955	10,732	11,778	18,316	21,651	**23,770**
(309,890)	(308,473)	(141,114)	(152,023)	(214,000)	**(98,024)**
(8,644)	(11,871)	(8,816)	(7,311)	(8,161)	**(6,258)**
329,161	326,484	164,868	186,121	246,060	**129,021**
3,749,167	4,231,590	4,484,954	3,215,006	3,575,732	**3,777,595**
156,738	162,889	174,152	192,217	210,605	**238,440**
150,835	156,804	169,900	186,615	204,040	**230,422**
1,787,800	2,130,545	2,295,676	2,491,829	2,751,237	**2,893,030**
162,097	182,760	194,175	204,448	229,876	**243,464**
22,102	26,572	30,745	30,487	30,149	**31,102**
260.13	311.65	340.69	528.97	624.60	**685.13**
4,388.98	4,543.94	4,910.76	5,386.05	5,883.59	**6,637.17**
80	95	105	160	190	**220**
0.4%	0.4%	0.4%	0.6%	0.9%	**0.9%**
6.0	7.0	7.2	10.3	11.1	**10.9**
4.0	3.7	3.8	5.8	5.7	**6.1**
7,161	7,135	6,840	6,543	6,464	**6,231**
35,079,161	35,079,161	35,079,161	35,079,161	35,079,161	**35,079,161**
5,721	6,188	6,285	6,145	6,065	**6,097**

Non-Financial Data*1

FY		2018	2019	2020	2021	2022	2023
E Environment	CO_2 emissions: Scope 1 (tCO_2)*2	—	1,731	1,621	1,809	1,809	**1,533**
	CO_2 emissions: Scope 2 (tCO_2)*2	—	6,012	5,834	5,405	5,062	**5,450**
	CO_2 emissions: Scope 3 (tCO_2)*2	—	595,540*3	494,498*3	393,695*3	422,831*3	**418,132**
	CO_2 emissions: Total (tCO_2)*2	—	603,283*3	501,954*3	400,908*3	429,702*3	**425,115**
	Energy consumption (kl)*4	1,949	1,930	1,899	1,729	1,585*3	**1,519**
S Social	Number of employees	2,707	2,692	2,770	2,747	2,694	**2,695**
	Number of employees*2	5,721	6,188	6,285	6,145	6,065	**6,097**
	Ratio of female employees among all section manager or higher positions (%)*5	3.7	4.4	8.0	9.8	13.3	**17.8**
	Number of female employees among employees who hold the position of section manager or higher, or employees who have subordinates and hold a position one rank lower than section manager	—	150	159	211	229	**263**
	Ratio of female employees among employees who hold the position of section manager or higher, or employees who have subordinates and hold a position one rank lower than section manager (%)	—	21.5	22.8	29.6	32.5	**36.0**
	Number of new graduates hired	84	111	109	86	52	**91**
	Number of male graduates hired	39	48	54	32	26	**43**
	Number of female graduates hired	45	63	55	54	26	**48**
	Ratio of female graduates hired (%)	53.6	56.8	50.5	62.8	50.0	**52.7**
	Average number of days of leave (days)	—	—	2.3	2.4	2.5	**2.1**
	Implementation ratio for at least three days per month with no overtime worked and at least one "Premium Weekday" per month (%)	98.9	98.8	98.4	99.1	98.6	**99.2**
	Ratio of employees who took at least 60% of their annual leave entitlement	74.3	75.4	—*6	74.2	79.3	**79.3**
	Employees' average monthly overtime hours*7	—	15.6	13.1	12.9	11.7	**12.2**
	Implementation ratio for periodic health check-ups (%)	—	99.8	100	100	100	**100**
	Implementation ratio for secondary health tests (%)	—	99.8	100	99.5	98.2	**98.3**
	Stress check implementation ratio (%)	—	98.1	99.8	99.8	100	**99.9**
	Stress check: Overall health risk (Points)	—	96	102	100	99	**97**
	Ratio of male employees taking childcare leave among those eligible (%)	—	—	—	84.4	84.6	**129.4**
	Ratio of female employees taking childcare leave among those eligible (%)	—	—	—	100	100	**100**
	Differential in pay of male and female employees: All employees (%)	—	—	—	55.0	56.9	**58.7**
	Differential in pay of male and female employees: Regular full-time employees (%)	—	—	—	54.0	54.6	**55.5**
	Differential in pay of male and female employees: Part-time and fixed-term contract employees (%)	—	—	—	68.6	70.6	**75.3**
	Number of employees certified as possessing advanced digital skills	—	—	—	—	—	**219**
G Governance	Total number of directors	12	11	12	12	12	**12**
	Of which, number of outside directors	3	3	4	4	4	**4**
	Ratio of outside directors (%)	25.0	27.3	33.3	33.3	33.3	**33.3**
	Of which, number of female directors	1	1	2	2	2	**2**
	Ratio of female directors (%)	8.3	9.1	16.7	16.7	16.7	**16.7**

*1 Non-consolidated basis *2 Consolidated basis *3. Calculation data was incorrect, and past performance figures have been corrected. *4 JACCS Co., Ltd. and its domestic subsidiaries basis

*5 The ratio of female managers with a rank of section manager or higher, as of April 1 following the end of each fiscal year *6 Due to the COVID-19 pandemic, the recommendation to take 60% or more of paid leave has been temporarily suspended.

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

Corporate Directory

Name: JACCS CO., LTD.

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

Founded: June 29, 1954

Paid-in Capital:
¥16,138 million

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

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

Number of Employees: (As of March 31, 2024)
2,695 (Parent)
6,097 (Consolidated)

Domestic Affiliated Companies:

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

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

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

Overseas Affiliated Companies:

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

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

JACCS FINANCE PHILIPPINES CORPORATION
(Equity stake: 65%)

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

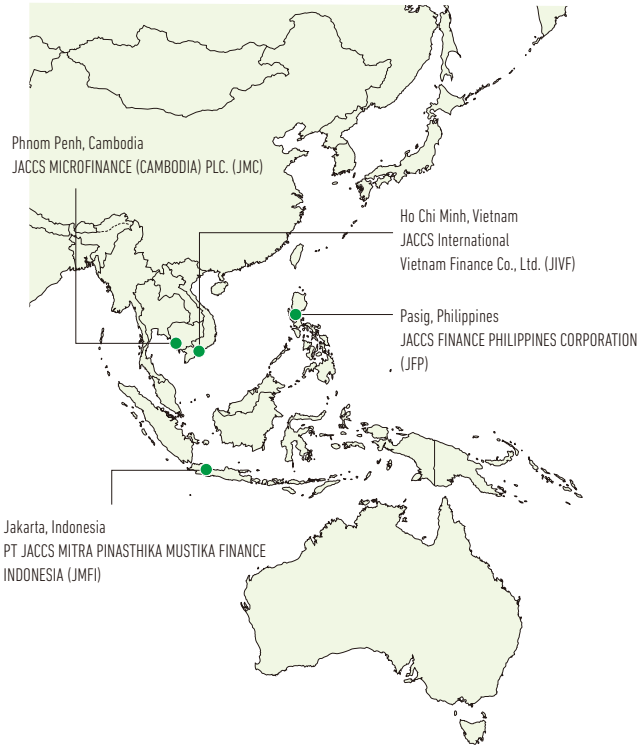
JACCS Services Network (As of July 1, 2024)

Office Network
(62 offices including Sapporo, Sendai, Omiya, Tokyo, Yokohama, Nagoya, Osaka, Hiroshima, Fukuoka)

Housing Loan Centers
(Tokyo, Osaka)

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


Head office: Ebisu Neonato



Investor Information

(As of March 31, 2024)

Number Of Shareholders:
49,582

Shares Outstanding:
35,079,161

Share Unit:
100 shares

Stock Listing:
Tokyo Stock Exchange (Prime Market)

Securities Identification Code:
8584

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

Principal Shareholders:

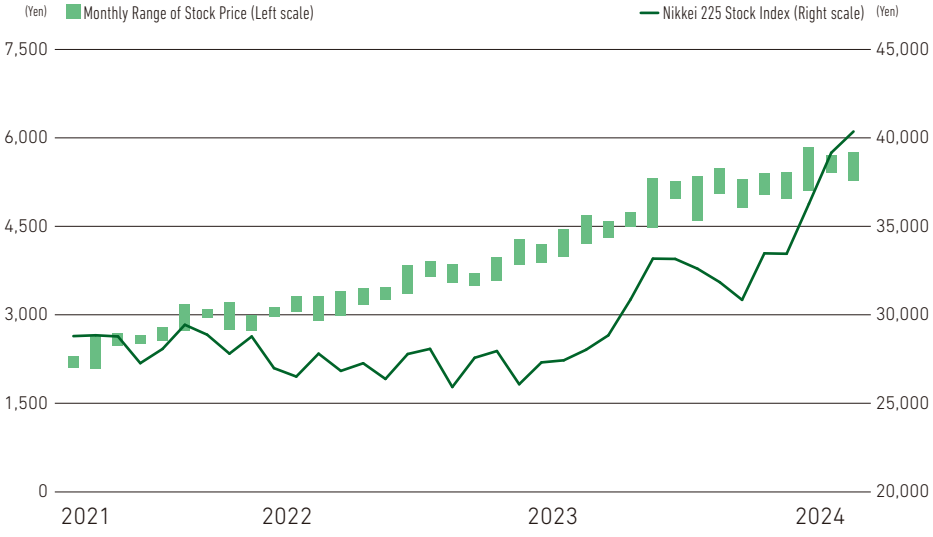
Name of Shareholders	Number of Shares Held (Thousands)	Percentage of Ownership*
MUFG Bank, Ltd.	7,015	20.20
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,647	7.62
Custody Bank of Japan, Ltd. (Trust Account)	2,629	7.57
Shareholding Association of JACCS	1,646	4.74
The Dai-ichi Mutual Life Insurance Company, Limited	1,359	3.91
Meiji Yasuda Life Insurance Company	1,275	3.67
JACCS Co., Ltd. Employee Stock Ownership Association	937	2.69
RE FUND 107-CLIENT AC	600	1.72
Nippon Life Insurance Company	588	1.69
Mitsubishi UFJ Trust and Banking Corporation	564	1.62

* The percentage of ownership is calculated excluding the number of treasury stock (362 thousand shares).

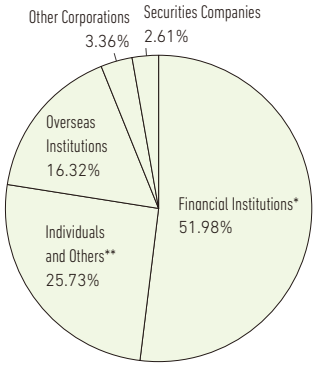
Common Stock Price Range:

(FY) (Tokyo Stock Exchange)

	2021		2022		2023	
	High	Low	High	Low	High	Low
First quarter	¥2,692	¥2,085	¥3,465	¥2,987	¥5,320	¥4,300
Second quarter	3,180	2,507	3,915	3,360	5,490	4,600
Third quarter	3,215	2,741	4,270	3,490	5,420	4,825
Fourth quarter	3,315	2,903	4,690	3,875	5,840	5,100



Stock Held by Investor Type



* The Financial Institutions category includes shares held under trust accounts. This includes investment trusts and pension fund trusts.

** The Individuals and Others category includes 362 thousand shares (1.04%) of treasury stock.

Cash Dividends:

(FY)

	2021	2022	2023
Yearly	¥160.00	¥190.00	¥220.00*
Interim	75.00	95.00	100.00

* Including a commemorative cash dividend of ¥10 per share to mark the 70th anniversary of the Company's founding

Publication of JACCS Integrated Report 2024

Thank you for reading JACCS Integrated Report 2024.

The year 2024 marks the 70th anniversary of JACCS' founding. This report aims to communicate the sustainability of the JACCS Group, which has continued to grow by responding to the changing times.

In terms of content, we have enhanced information related to sustainability management, focusing on the materiality of each issue. It also introduces our goals and initiatives.

In Japan, the BOJ has ended the negative interest rate policy, and the financial industry is facing dramatic changes in the business environment, requiring a different kind of management. In light of this situation, we have enhanced the Message from the Chief Financial Officer in terms of both quality and quantity, and have also provided an explanation of our efforts in business portfolio management. Additionally, we cover the lively debates that took place at the Outside Director Roundtable Discussion on issues such as challenges related to the rising interest rate environment.

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

I can attest that the report's editorial process and content is appropriate and sincere.

I hope that this report helps readers deepen their understanding of the JACCS Group's capacity for medium- to long-term value creation.



Takashi Masumizu

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

Editorial Policy

Reference Guidelines

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

Reporting Period

Fiscal 2023 (April 1, 2023–March 31, 2024)
A portion of the content of this report includes information about periods up to and including fiscal 2022 (April 1, 2022–March 31, 2023), and information about and activities planned for periods from fiscal 2024 (April 1, 2024–March 31, 2025), onward.

Scope of the Report

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

Forward-Looking Statements

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

Seed the Future.

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