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Masaaki Kono
Chairman and Director

Tetsuo Iimori
President and Representative Director

We would like to extend our sincere gratitude to our shareholders for their ongoing support.

Moreover, we would like to inform you that Masaaki Kono has assumed office as Chairman and Director, and I, Tetsuo Iimori, have assumed office as President and Representative Director, upon our appointments to those positions at the meeting of the Board of Directors held subsequent to the 60th Annual General Meeting of Shareholders of June 26, 2020.

Having set the fiscal year ended March 31, 2020 as the first year of our medium-term management policy, we set “Innovation for the Next Orico - A Solid Start for Creating an ‘Orico for the New Era’ ” as our basic policy. In order to rebuild a strong earnings structure and create new business models, we have been thoroughly implementing an approach based on the six basic strategies of 1) implementation of digital innovation, 2) implementation of process innovation, 3) business expansion in Asia, 4) expansion of synergies within the Orico Group, 5) enhancement of consulting sales, and 6) enhancement of sustainability initiatives.

Now that we have embarked on this new framework we would like to brief our shareholders on certain matters that include our financial results for the fiscal year under review and actions we are taking to address the novel coronavirus disease (COVID-19) pandemic.



We will create an “Orico for the New Era” by taking on various challenges that bring about innovation, standing at the side of our customers in facilitating their dreams.

Fiscal year ended March 31, 2020

We got off to a solid start on our three-year medium-term management policy during the fiscal year under review, which was the initial year of that policy, by thoroughly implementing our approach consisting of six basic strategies.

First, I will go over our financial results for the fiscal year under review.

Operating revenues increased by ¥9.7 billion year on year to ¥243.1 billion. With respect to individual business segments, revenues increased in both the credit cards and cash loans business and the settlement and guarantee business, which are deemed “growth businesses” under our medium-term management policy. As a result, revenues increased by 4% year on year in our growth businesses. Meanwhile,



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in our “core businesses” revenue increased by 2% year on year amid a situation whereby a decrease in revenue generated by the bank loan guarantee business was offset by an increase in revenue in the installment credit business. In the fourth quarter, the COVID-19 pandemic markedly affected credit card shopping and installment credit, thereby weighing on financial results which had previously been rebounding subsequent to a downturn that had ensued after the consumption tax hike took effect.

Operating expenses increased ¥7.2 billion year on year to ¥218.6 billion. Our efforts to implement process innovation have involved taking steps to curb increases in general expenses.

Having estimated future losses arising due to the COVID-19 pandemic, we additionally provided for bad debt-related expenses in the fiscal year ended March 31, 2020.

As a result of these factors, ordinary profit increased ¥2.4 billion year on year to ¥24.4 billion. Profit decreased by ¥8.2 billion year on year to ¥20.6 billion, which was largely a result of having additionally posted deferred tax assets in the previous fiscal year.

We aspire to create an “Orico for the New Era” by accelerating the pace of initiatives that entail ongoing efforts to take on various challenges for bringing about innovation, thereby aiming to achieve “ordinary profit of ¥35.0 billion or more,” “ratio of general expenses to operating revenues less than 60%,” and “ROE 10% or higher,” as set forth in the medium-term management policy.

Response to the COVID-19 pandemic

It is impossible to dismiss the prevailing sense of uncertainty in Japan and overseas caused by the COVID-19 pandemic.

Under such circumstances, the Company has established an Emergency Response Headquarters and is otherwise ensuring that employee safety remains its top priority. To such ends, we have set limits on employee presence at headquarters and branch offices, while bearing in mind other necessities such as the need to develop a business continuity framework as espoused by Japan’s Ministry of Economy, Trade and Industry (METI). Moreover, we have been performing the Company’s role of facilitating financial infrastructure which is a key element of economic activity, while also maintaining close ties with our offices in Japan and abroad.

On March 11, 2020, we set up a consultation service dedicated to carefully addressing customer inquiries and requests related to payments that have been affected by the COVID-19 pandemic.

To our shareholders

Our year-end dividend for the fiscal year under review amounts to ¥3 per share of common stock. Moreover, the Company’s remaining balance of Class I Preferred Stock is ¥35.0 billion, after having redeemed ¥15.0 billion in such stock in November 2019. We aim to complete the redemption of such stock in the fiscal year ending March 31, 2022, the final fiscal year of the medium-term management policy.

During the fiscal year ending March 31, 2021, the proliferation of COVID-19 infection is likely to affect our business across the board. Given the many uncertainties weighing on our business performance at this point in time, we have yet to determine our forecasts of business results and dividends for the fiscal year ending March 31, 2021. We will promptly release such information as soon as it becomes possible for us to rationally calculate such forecasts upon having prudently assessed the effects of the pandemic on our earnings going forward. We sincerely appreciate your understanding in this regard.

We are steadily taking action to the extent possible at this point in time through efforts that entail building a more robust corporate structure by further optimizing costs through process innovation, while identifying changes in consumption behavior that are likely to emerge in the aftermath of the COVID-19 pandemic.

By enlisting the entire company in efforts to carry out our six basic strategies, underpinned by the Company’s “Innovation for the Next Orico” basic policy, we hope to rebuild a strong earnings structure and create new revenue models.

I thank our shareholders for your understanding and further support for the Group’s business going forward.

June 2020

Tetsuo Iimori
President and Representative Director