

Message from Head of Finance Group

Balance financial soundness, shareholder returns, and capital efficiency while increasing asset efficiency and moving toward sustainable growth

Managing Executive Officer

Head of Finance Group Masahiro Kosugi



Review of Fiscal Year 2022 and Prospects for Fiscal Year 2023

In fiscal year 2022, amidst continued uncertainty about the future, some signs of recovery in personal consumption were observed. However, interest rates rose more than anticipated, due in part to the Bank of Japan's monetary policy adjustment in December 2022. Operating revenue declined by 1% YoY to 227.6 billion yen. The decrease was mainly attributed to the reduction in securitization revenue following the interest rate hike, causing a significant decrease in the installment credit business. Ordinary profit decreased by 20% to 23 billion yen, and the profit attributable to owners of parent decreased by 2%, amounting to 19 billion yen. That being said, we believe we have been able to minimize the damage from the interest rate rise through successful expansion in the settlement and guarantee business and overseas business, key areas of the medium-term management plan, as well as through flexible real estate sales and containment of expenses relative to plan. For fiscal year 2023, we are forecasting an increase in ordinary profit to 25 billion yen and profit attributable to owners of parent to 20 billion yen. While the impact of rising interest rates will present a challenge throughout the year, we are planning to accumulate revenue through further growth in our settlement and guarantee business and overseas business, and by incorporating the recovery from the pandemic into our credit cards and cash loans business and bank loan guarantee business. Looking toward achieving 40 billion yen or more in ordinary profit in the final year of the medium-term management plan, we will take firm steps to execute four key strategies and fundamentally reform the revenue structure of the installment credit business.

Overview of Financial Results

(100 million yen)

	FY2022	YoY	Change
Operating revenue	2,276	(21)	(1%)
Operating revenues	2,113	(47)	(2%)
Operating expenses	2,046	38	2%
General expenses	1,441	46	3%
Bad debt-related expenses	464	(26)	(5%)
Financial expenses	105	6	7%
Ordinary profit	230	(59)	(20%)
Net profit	190	(4)	(2%)

Stable and Efficient Fundraising

With regard to fundraising, there are a number of options, including borrowing from financial institutions, securitization of receivables, credit guarantees, corporate bonds, and commercial paper. We are striving to maintain an optimal balance by utilizing diverse channels, with a focus on stable and efficient funding operations. In particular, looking ahead to potential interest rate hikes, we are progressing toward a fixed funding ratio of approximately 80% for interest-bearing liability. Concerning fundraising itself, there are no worries in this area thanks to credit rating upgrades and our favorable relationships with financial institutions. While there may be a need for new funds to support future growth investments, we will continue to fine-tune our cash holdings, which were kept robust during the pandemic.

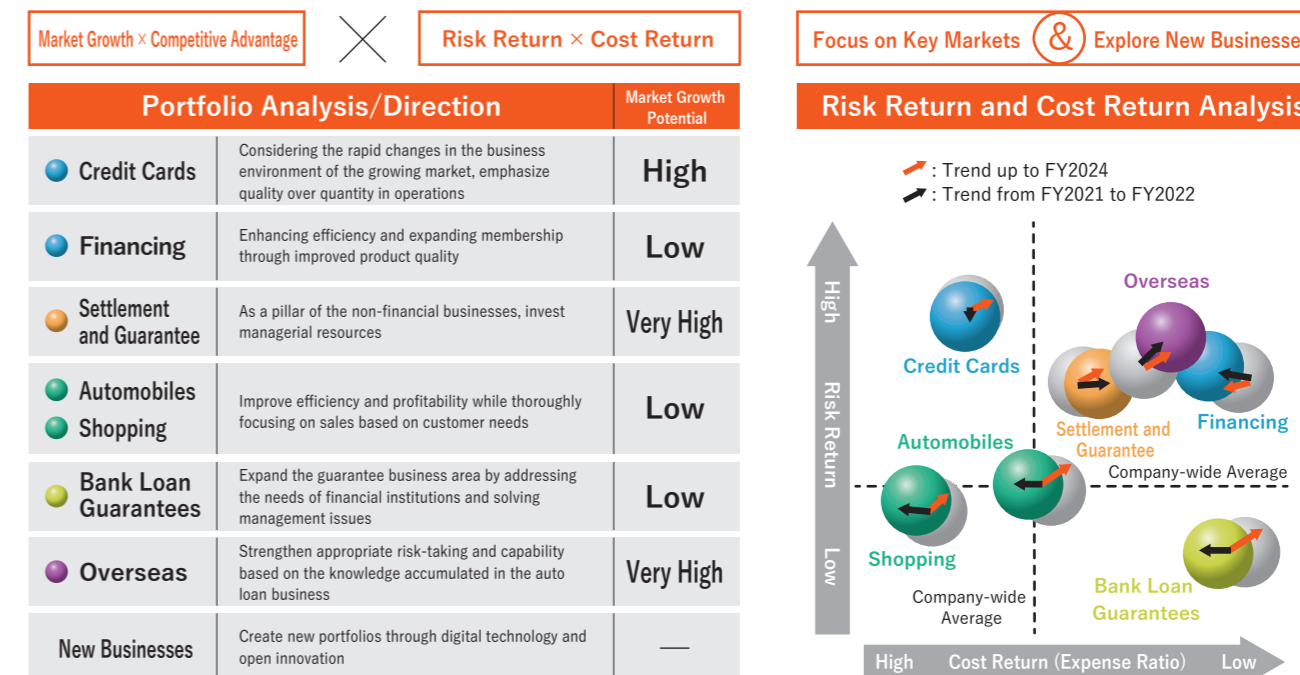
Credit Rating Trends

Credit Rating Institution	Long-term	Short-term
R&I	A (Stable)	a-1
JCR	A+ (Stable)	J-1



Business Portfolio Management

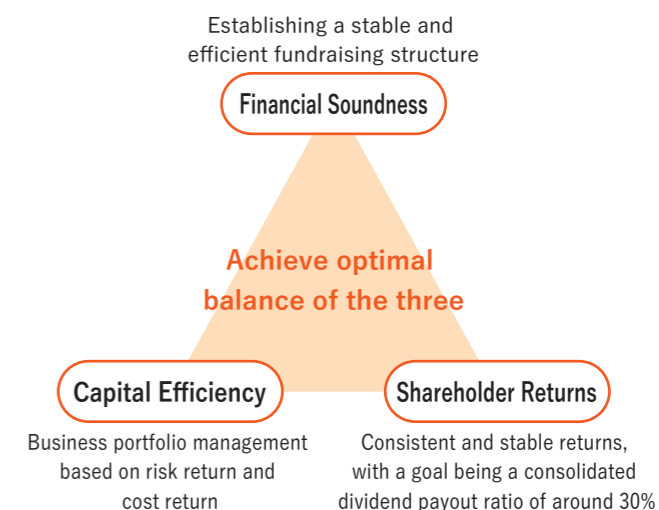
We began business portfolio management in fiscal year 2022. Under the seven business portfolios, we created further segmented sub-portfolios, then analyzed the medium- to long-term trends for each business and designated the future directions as “concentrate”, “maintain”, or “reduce” based on the two axes of risk return and cost return. We are actively discussing the allocation of managerial resources and future business strategies. Along with business portfolio management, we have also been making progress on implementing a system of management accounting by division. We are working out the relationships between individual management figures and our P&L and are tracking the progress of results for the fiscal year. These efforts are also contributing to a transformation in the sales-oriented mindset that was prevalent in certain areas.



Capital Structure Policy

In fiscal year 2022, we formulated a new Basic Policy on Capital Structure that entails striking a balance between financial soundness, shareholder returns, and capital efficiency. For shareholder returns, we will aim for a consolidated dividend payout ratio of 30%, based on stable and continuous shareholder returns. In the implementation of our capital structure policy, improving asset efficiency is essential. To this end, we are concentrating on our high asset efficiency settlement and guarantee businesses, as well as our overseas business. We are also focusing on building a foundation that can efficiently raise revenue through engagement in non-interest businesses in the Business Promotion Division, combined with reforming the revenue structure of the installment credit business.

Basic Policy on Capital Structure



To Our Valued Stakeholders

Under the present medium-term management plan, our goal is to address social issues through our business while enhancing profitability. In alignment with this approach, we believe that demonstrating solid growth and profitability will increase the trust stakeholders have in our Company and be reflected in stock prices, among other areas. We are committed to making efforts to become a sustainable company 20 or 30 years from now as well, and we would be grateful for your continued support.

Installment Credit Business

As the core business sustaining the Company, we will transform our conventional credit sales model into a sustainable and profitable business model responsive to changes in the market environment. We aim to offer timely and optimal solutions, products, and services tailored to customer needs to make contributions to society and enhance our corporate value.



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Managing Executive Officer

Head of Business Promotion Division Kazuaki Baba

Medium- to Long-term Vision of the Company

Our installment credit business, through auto loans, shopping credit, and other features, has been providing a wide range of products and services that match customer and market needs in line with the changing of the times, with the aim of embodying our brand slogan "standing by your side, helping dreams come true". We will continue to stay abreast of global and technological advancements and respond to anticipated market changes, values, and other factors. This will allow us to provide safe, secure, and convenient financing based on customer needs, as well as to collaborate with our member merchants, who are our business partners, to create a healthy market.

Under our medium-term management plan slogan of "Transformation Now! Becoming a financial services group for a new era that creates value from the customer's perspective", we will depart from the conventional credit sales model and apply the ideas of "Green", "Digital", and "Open Innovation" to create new value and contribute to solving societal challenges such as achieving a decarbonized society, improving productivity, all while simultaneously improving corporate value.

Social Issues to be Addressed through Business Activities

In addition to auto loans, for which we boast industry-leading transaction volumes, our Company offers shopping credits that support various life events of our customers. These include home renovation, tuition, driving license acquisition costs, bridal-related expenses, and more. Through the installment credit business, we are actively working on the development of financial products and services that promote the use of renewable energy such as EVs, residential solar power systems, and storage batteries, with the goal of contributing to the realization of a decarbonized and circular society. For example, in November 2022, we invested in EV fabless manufacturer ASF Inc., and we will help achieve a decarbonized society by promoting the introduction of EVs to customers nationwide through our group company, ORICO AUTO LEASING, as well as collaborating with ASF Inc.'s supply chain. Also, regarding set loans consisting of environmental products including EV and V2H products developed in February this year, we are advancing collaboration in new areas and supporting the spread of environmental products through a comprehensive business alliance with NICHIRON CORPORATION, a leading V2H company. Furthermore, by expanding home renovation loans and rent settlement guarantees, we will contribute to the development of local communities by alleviating various people's anxiety about living.

Going forward, each of us will be more aware than ever of the importance of solving social problems through our business activities, and we will work to deliver products and services that are in touch with our customers, while drastically changing the way we approach things and the way we do business.

Medium to Long-Term Market Outlook

There is a possibility that the movement towards decarbonization could accelerate on a global scale beyond our expectations. We also consider the impact on our Company from the worsening of the declining birthrate and aging society in Japan to be significant. We will actively take measures by identifying risks and opportunities, primarily in our core auto loan business, and also view the changes as business opportunities to create new businesses. We will also work together to solve social issues such as a shortage of successors at our business partner member merchants. Going forward, we predict that the financial environment will enter a phase of rising interest rates. In the installment credit business, it is urgent that we shift toward a long-tail business model that focuses on profitability more than expanding the transaction volume. We will channel this into enhancing profitability through radical structural reforms using digital technology.

Installment Credit Business

As a pioneer and leading company in the consumer finance industry, we provide various types of credit in collaboration with member merchants, catering to our customers' needs and lifestyles.

Auto Loans

We boast top-level market share in the industry. We address the extensive needs of our customers by developing unique products that enrich their lives after purchasing cars.

Shopping Credit

We aspire to be of service across a broad spectrum of our customers' lifestyles, enabling them to utilize various products and services via credit.

Home Renovation Loans

Home renovation loans are available for various improvements, including home expansion and renovation costs and household appliance purchases. We also accommodate purchases of items such as all-electric systems and solar power generation systems and storage batteries.

Business Features and Market Superiority

We are engaged in market-in type of sales via our nationwide network of sales branches, which enables us to provide the best solutions promptly without being confined to existing domains. We do this by harnessing region-based agile operations, scalability, and by proposing a wide range of products and services. We also boldly embrace changes in laws and regulations in line with trends in decarbonization initiatives and digital transformation, viewing them as new business opportunities.

Strengths

- Nationwide coverage through our sales branch network allows us to approach not only existing member merchants but also prominent local businesses
- In addition to our installment credit business, we can offer a wide array of services including leases, credit cards, and our settlement and guarantee business to meet customer needs
- Collaboration with Mizuho Bank, Ltd. and ITOCHU Corporation enables product and service offerings with close affiliate companies

Weaknesses

- Implementation of product strategies that separate us from other companies, and additional expansion
- Further enhancement of alliances in EV & environmental products
- Increase in financial expenses due to rising interest rates

Opportunities

- Emergence of new markets focusing on automobiles and housing to achieve a decarbonized society
- Increased demand for a guarantee business for corporate payments, rent, and so on
- Amendment of laws and regulations in line with the trends of digital transformation (DX), such as the Installment Sales Act, Act on Specified Commercial Transactions, Civil Code, new lease accounting standards, among others

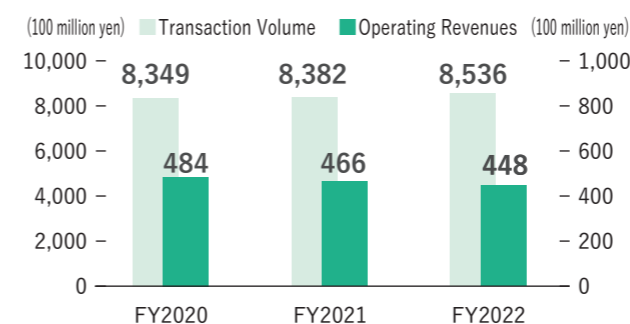
Threats

- Persistence of an unstable environment for personal consumption trends due to rapidly changing global situations
- Market shrinkage, sluggish growth in the installment credit business market, and intensified competition caused by the declining birthrate and aging society
- Concerns about inflation due to the surge in raw material prices, and the risk of rising interest rates

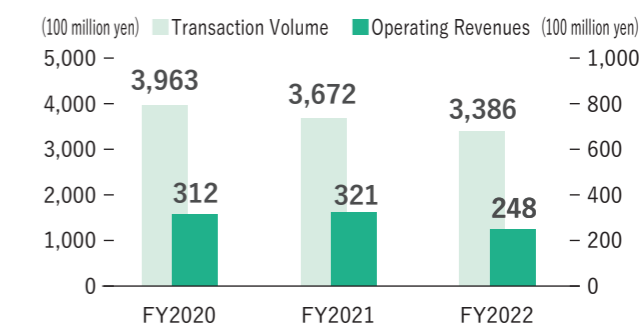
Overview of Fiscal Year 2022

Although the volume of auto loan transactions was affected more than expected by constraints in supply, such as a semiconductor shortage for new cars, it remained at the previous year's level due to an increase in used car transactions. The volume of shopping credit transactions decreased YoY owing to factors such as a reduction in the volume of home renovation loans due to construction delays caused by material shortages.

Auto Loans



Shopping Credit



Highlights in Fiscal Year 2022

As the inaugural project of the Orico Sustainability Fund, we have entered into a capital and business alliance with ASF Inc., as well as a comprehensive business partnership with NICHICON CORPORATION commencing collaboration with new business partners for sustainable growth. In terms of product development, we secured a business model patent for "O-Lai!" and, as previously mentioned, achieved tangible results such as the release of set loans for environmental materials, inclusive of EVs and V2H.

Credit Cards and Cash Loans Business

As we progress toward a cashless society, we will enhance our customers' lives by delivering safety and security and by creating new experience value using digital technology, thus making their lives more convenient and enjoyable.

Managing Executive Officer

Head of Credit Card & Payment Service Division Yohei Senba



Medium- to Long-Term Vision of the Company

The environment surrounding the payment industry is changing daily due to technological advancements and the impact of COVID-19 on lifestyles. While society is expected to see an increased shift toward cashless transactions in the medium-to long-term amid these environmental changes, our mission is to provide value of safety, security, convenience, and enjoyment to our customers through our credit card business. Beyond common point redemption schemes and special coupons, we plan to provide personalized services to approximately 11 million credit card users and approximately 4 million customers using our auto loans through our digital communication platform "e-Orico", which is scheduled for a complete overhaul. Moreover, we will dramatically change the customer experience in card applications and usage by developing products and services utilizing digital technology, such as performance-based credit, which we were the first major credit card company to implement, and digital cards on smartphones, and so on.

Social Issues to be Addressed through Business Activities

In the credit card industry, fraud is becoming more common, especially in online transactions on e-commerce sites. Strengthening fraud prevention measures is an industry-wide challenge. We are committed to creating an environment where customers can use credit cards with confidence by implementing various measures, such as incorporating AI functionality into fraud detection systems and enhancing personal authentication services through the implementation of one-time passwords.

In addition, although the percentage of individuals in the payment market using cashless transactions is steadily growing, improving the low percentage of cashless transactions for corporations is extremely important from the viewpoint of enhancing the productivity of the Japanese economy. To address this issue, we are actively promoting the Orico Business payment for SME (OBS), an invoice card payment service for business-to-business transactions. We will continue to expand our service lineup to contribute to the DX of accounting operations of small- and medium-sized enterprises and sole proprietors.

Medium to Long-Term Market Outlook

As technology makes rapid advances and the digital native generation expands its presence in society, the customer experience in the payment scene is likely to undergo a dramatic transformation. Just as we could not have imagined the widespread use of QR code payments* just 10 years ago, it is not easy to envision what the payment market will look like 10 years from now. Currently, credit cards, which account for over 80% of cashless payments, may not maintain the market position. However, one thing we can say is that the cashless trend will continue to advance in the payment market for both individuals and corporations. We expect the entry of FinTech companies and companies from different industries to continue. In this expanding and evolving payment market, our Company possesses assets such as domestic and overseas payment networks built on long experience, credibility, advanced security, and extensive human resources. We aim to reap the fruits of the market's growth by refining our services in our economic sphere to be safe, secure, convenient, and enjoyable, and by providing necessary payment functionality to new entrants.

*QR code is a registered trademark of DENSO WAVE INCORPORATED.

Credit Cards and Cash Loans Business

Orico's credit card lets customers enjoy safety, security, and convenience. We accommodate a wide range of customer needs with attractive point programs and a variety of co-branded credit cards.

Official Card

We offer services that excel in functionality to meet a wide range of customer needs, such as Orico Card THE POINT, which has a high point reward rate of one Orico point for every 100 yen spent using the card and has no annual fees.

Co-branded Credit Cards

We offer cards that meet customer needs in partnership with business partners, such as Mizuho Mileage Club Card/THE POINT, EDION Card, and Costco Global Card. Currently, we have about 1,500 types in our co-branded credit card lineup and continue to provide attractive services to customers.

Features of the Business and Market Superiority

We boast a network of 850,000 member merchants, around 11 million credit card users, and approximately 4 million customers utilizing installment credits such as auto loans. Through the full-scale enhancement slated for e-Orico aimed at fostering digital communication and providing innovative products and services using technology, we seek to create a new experience value for our customers, deepening our connection with customers in the Orico Economic Zone.

Strengths

- Addressing the diverse financial needs of roughly 15 million customers
- A comprehensive network spanning the country and encompassing 850,000 member merchants, co-branded credit card partners, and more
- Pioneering product development through digital technology

Weaknesses

- Enhancement of digital communications with approximately 15 million customers and further layering of transactions
- Hardening of preventive measures against unauthorized credit card usage

Opportunities

- Further advancement in cashless payments in both individual and corporate payment markets
- Increased diversification of financial products and services driven by digital technology evolution

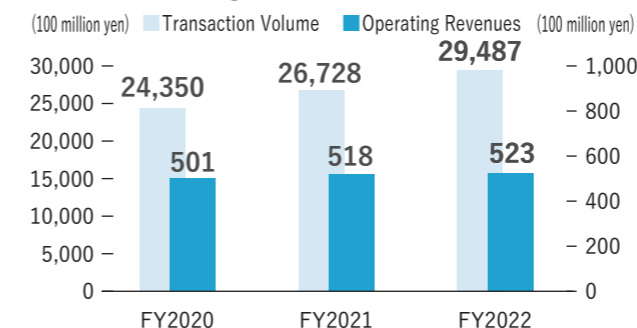
Threats

- Intensified competitive environment due to new entrants into the payment market from FinTech companies and various industries
- Rise in development costs due to diversification and fragmentation of payment methods
- Decline of profitability due to point redemption competition in the credit card industry

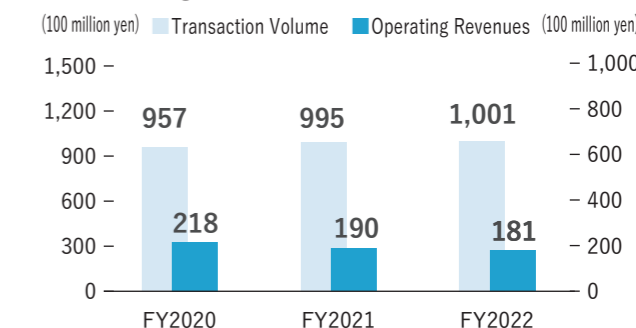
Overview of Fiscal Year 2022

The card shopping handling amount continues to grow, increasing by 10% YoY through the promotion of large-scale co-branded credit cards related to daily life, and further expansion is expected.

Card Shopping



Financing



Highlights in Fiscal Year 2022

In collaboration with eight new partnering companies, we have launched a number of co-branded credit cards that primarily target younger generations, including the "cheeky SBI e-Sports card", the "BLUELOCK Orico card", and the "CAPCOM Orico Card: Dragon's Dogma" associated with the popular game series.

Moreover, we are accelerating new business ventures such as a collaboration with SBI SECURITIES Co., Ltd. for individual asset management services and development of OBS invoice card settlement service for business-to-business transactions.

Bank Loan Guarantee Business

We will support the resolution of issues faced by financial institutions and their clients (individuals and corporates) across the country, and contribute to revitalizing the regional economy through the provision of financial products and services that respond to regional challenges.



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Managing Executive Officer

Head of Financial Institutions Division Hitoshi Kasama

Medium- to Long-Term Vision of the Company

Through our bank loan guarantee business, we act as a partner who shares the risks for financial institutions providing personal loans while simultaneously meeting the needs of individual customers beyond our immediate reach, thus facilitating the smooth provision of funds. In doing so, we enliven and enrich the lives of residents in the region. To fulfill this role, in our medium-term management plan, we have established "becoming a power that supports the region" as the mission of our division, and we will tackle the expansion of business domains and solving social issues through trial and error.

Moreover, our Company is in an alliance with 565 financial institutions of various types and sizes across the country. To provide timely solutions for the diverse range of issues faced by financial institutions, their customers, and regions, we collaborate with business partners that have strengths in innovative ideas and business models. In the midst of a drastically changing environment for financial institutions, we aim to improve profits by being "the guarantee company of choice" as a business partner that can face the business challenges of financial institutions and provide diverse solutions. This includes not only personal loan guarantees, but also for DX promotion, personnel development, operational efficiency, further support for clients, and business domain expansion.

Social Issues to be Addressed through Business Activities

Against the backdrop of a declining birthrate and aging society as well as a shrinking population, the nationwide problem of vacant houses is becoming more severe, especially in areas with aging populations. The number of vacant houses continues to increase, which could potentially have a serious impact on local residents' living environments in terms of disaster prevention, hygiene, and scenery, and dealing with this issue is a major challenge for local governments. To solve this social issue, our Company, in collaboration with AKIYA KATSUYO Co., Ltd. and local governments, has built a framework to promote the utilization of vacant houses through support ranging from cultivating understanding of the actual situation to promoting utilization. It then launched it as a platform available nationwide in March 2023 by commercializing Akikatsu Loan in cooperation with local financial institutions. We will encourage an increase in the number of people involved in each region and ultimately revitalize local economies. In addition, for traditional purpose loan products, we are developing products from the perspectives of decarbonization and SDGs, and in fiscal year 2022, we began offering SDGs-compatible EV auto loans, educational loans, and housing renovation loans with The Ehime Bank, Ltd.

Medium to Long-Term Market Outlook

Now that Japan's population is decreasing, considering the penetration of the sharing economy, the shift from material consumption to experience consumption, and other factors, the environment is not one where unsecured personal loan balances will continue to rise. Moreover, considering the intergenerational and interregional transfer of financial assets through inheritance that will occur into the future, it cannot be denied that relying solely on the traditional expansion of personal loans for guarantee business leaves little room for growth as a business. We will continue to develop new products with financial institutions with an emphasis on satisfying the needs and convenience of customers who use personal loans, while also taking into consideration individual life plans and regional characteristics. We are also working to expand the scope of the guarantee business, such as through small corporate loan guarantees for startups and guarantee provisions for business loans in collaboration with local governments.

Bank Loan Guarantee Business

Since 1983, we have been collaborating with financial institutions to provide personal loan guarantees. We pride ourselves on being among the top in the industry in the number of trading partners and help bolster the retail divisions of financial institutions with our extensive know-how nurtured in the credit business.

Purpose Loan Guarantee

We also provide guarantee collaboration products that respond to the needs of customers with specific funding purposes. Our Company guarantees "purpose loans" from financial institutions such as auto loans, educational loans, and housing renovation loans.

Free Loan Guarantee

We offer guarantee collaboration products that respond to a wide range of our customers' immediate financial needs, allowing for the freedom of funds usage. We guarantee free loans from financial institutions of the certificate loan type.

Card Loan Guarantee

A guarantee collaboration product that promptly meets the diverse financial needs of our customers. We guarantee financial institutions' card loans, which can be repeatedly used within the credit limit.

Features of the Business and Market Superiority

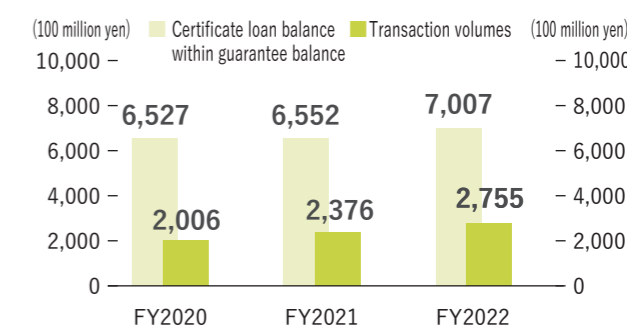
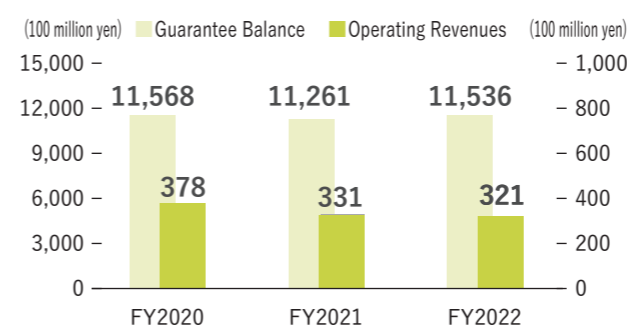
With 40 years of experience in the bank loan guarantee business, our Company possesses credit expertise and a network with 565 affiliated financial institutions across the nation. We maintain a strong guarantee balance regardless of the type, such as regional banks, credit cooperatives, and credit unions, thus sustaining a high market share. We will continue to emphasize our nuanced responsiveness to customers and our ability to address financial institutions' management challenges beyond bank loan guarantees, working to differentiate ourselves from competitors.

Strengths	Weaknesses
<ul style="list-style-type: none"> Nationwide network with 565 affiliated financial institutions Long-standing expertise in personal credit and the evolution of credit models utilizing AI Including collaboration with Mizuho, capability to provide solutions for the challenges of financial institutions, their clients, and local communities 	<ul style="list-style-type: none"> Aligning IT capabilities with the speed of technological innovation
Opportunities	Threats
<ul style="list-style-type: none"> Expansion of business opportunities through the reorganization and integration of financial institutions and the formation of holding companies Strengthening competitiveness through partnerships with new business categories such as online banks and digital banks 	<ul style="list-style-type: none"> Changes in consumer behavior, especially among younger generations

Overview of Fiscal Year 2022

Through market-in type of sales, we succeeded in continual engagement with 28 financial institutions to initiate new loan handling, among other problem-solving efforts, thus leading to an increase in the guarantee balance for the first time in five terms from the previous term end backed by steady growth in the transaction volume for certificate loans. We will work to increase revenue through enhanced profitability going forward.

Bank Loan Guarantees



Highlights in Fiscal Year 2022

We have been providing a pre-assessment service utilizing our assessment and guarantee know-how for the "crowd loan" platform aimed at connecting customers considering personal loans with financial institutions, with the goal of improving customer convenience. In May 2022, we formed a capital alliance with CrowdLoan Inc., which operates the platform. This has allowed us to further increase the number of affiliated financial institutions and acquire new digital application channels, and we are also utilizing this platform in the framework of the aforementioned Akikatsu Loan.

Settlement and Guarantee Business

In the settlement and guarantee business, we are working to expand credit provisions to small- and medium-sized enterprises and individual business owners, and at the same time, drive our Company's growth in the key markets of the medium-term management plan by creating non-financial businesses that are not dependent on assets.



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Managing Executive Officer

Head of BtoB Solution Division Daisuke Horiuchi

Medium- to Long-Term Vision of the Company

With the progress of digitization and the increasing complexity of economic activities, the payment needs for transactions between businesses are diversifying. In the settlement and guarantee business, we have made it our mission to sincerely address these diverse customer needs and provide comfortable and convenient payment methods. By building an environment for comfortable, safe, secure, reliable, and convenient corporate transactions and expanding credit provision to small- and medium-sized enterprises and individual business owners, we will contribute to the development of their businesses as well as risk control. This will allow us to help revitalize local economies. Additionally, we will also provide products and services that anticipate changes in society while utilizing digital technology. As we get closer to our customers and gain an understanding of their challenges, we find that there are tangible needs in areas beyond the financial services we have provided, such as business succession and real estate needs. In our relationships with customers, we will strive to become their valued partner by 2030 by taking on the challenge to provide solutions that go beyond the financial realm.

Social Issues to be Addressed through Business Activities

As the business environment becomes more challenging, many corporate clients are facing a multitude of issues. Among them, business succession stands out as a significant challenge, especially for small- and medium-sized enterprises. Besides the aging of business leaders, due to trends in the past Japanese economy that led to hiring being suppressed, the recruitment of executive successors has been delayed, leading to a noticeable number of cases in which successor development is insufficient. Moreover, the decrease in population has made securing personnel another challenge, resulting in an increase in companies that are downsizing or restructuring their operations. At our Company, we will not merely offer financial products and services such as those available through our settlement and guarantee business. Rather, by utilizing our nationwide customer network and the expertise and networks of partners like Mizuho Financial Group and ITOCHU Corporation, we will also take on the challenge of providing optimal solutions for the myriad challenges that corporate clients face, including business succession. Through efforts such as these that transcend traditional financial boundaries, we aim to solve the issues faced by our corporate clients and contribute to the revitalization of the Japanese economy.

Medium to Long-Term Market Outlook

For the settlement and guarantee business, there are three important elements. The first is the significant change in people's behavioral patterns, such as how they buy things and work, after the COVID-19 crisis. The second is industry shakeout and reorganization gaining speed due to the emergence of small- and medium-sized enterprises experiencing trouble with business succession due to the aging population. The third consists of an increase in the cost of sustainable business growth due to increasing geopolitical risks, issues of economic security, initiatives aimed at SDGs management, and measures against cyberattacks that coincide with advances in digitization. Our Company accurately captures the impact on and needs of our customers due to these environmental changes, and we will continue to provide optimal solutions.

Settlement and Guarantee Business

To respond to a wide array of our customers' settlement and guarantee needs, we have been advancing our settlement and guarantee business through services like rent settlement guarantees and accounts receivable settlement guarantees.

Rent Settlement Guarantees

In recent years, due to the increase in the number of single households and the rise in the utilization rate of guarantee companies, we offer various products and services to tenants and property management companies, and many are using them.

B2B Payment Services (Accounts Receivable Settlement Guarantee)

This service, intended to eliminate the risk of non-collection, improve sales efficiency, and streamline accounting tasks, involves advancing the payment on behalf of customers who purchase the product.

Features of the Business and Market Superiority

The settlement and guarantee business is a growing field with multiple digital companies excelling in statistical data analysis. That being said, the customer environment is complex and diverse, and understanding the customer through a human touch is also an assessment capability. Our Company has a market advantage in that it can discover various customer needs and respond accurately through the utilization of nationwide branches and the network of Mizuho Financial Group companies. Furthermore, by leveraging the high assessment ability cultivated in the financial business for many years, we are differentiating ourselves from other companies by responding to a diverse range of needs, ranging from large transactions to small ones.

Strengths

- Diverse lineup of existing four products that can handle various trade and fund flows (B2B Settlement Card, B2B Support Plan, B2B Collection System, Smart Plan)
- Know-how to respond quickly to large and small accounts receivable settlement guarantees
- Accurate response to customer needs through nationwide branch network and channels such as Mizuho Financial Group

Weaknesses

- By maintaining and expanding human touchpoints while honing digital strengths, we will achieve hybrid sales and meet customer DX needs

Opportunities

- Increase in direct transactions between manufacturers and consumers due to the digitization of corporate transactions and advances in logistics, leading to a clear need for the settlement and guarantee business
- Full recovery of domestic consumption and inbound travel with the normalization of social activities after COVID-19

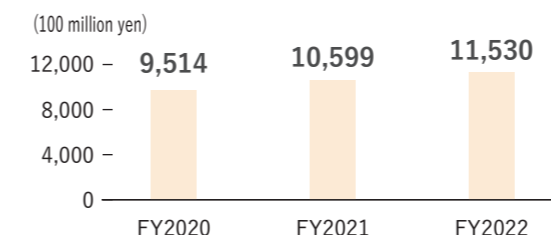
Threats

- Deterioration in the performance of guarantee customers due to the increase in risks associated with geopolitics, natural disasters, and so on
- Shrinkage in customer commercial spheres due to a declining birthrate and aging society
- Increase in corporate bankruptcies due to rising raw material costs, rising personnel expenses, and the end of COVID-19-related loans, among other factors
- Entry of new players, including digital enterprises

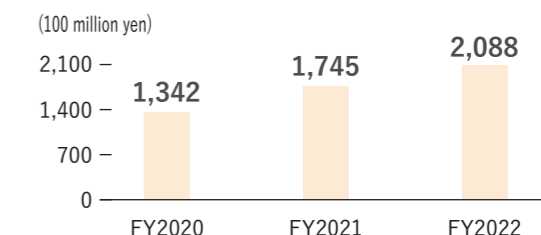
Overview of Fiscal Year 2022

The amount of rent settlement guarantee transactions increased by 9% YoY, while accounts receivable settlement guarantee transactions also continued to grow, increasing by about 20% YoY in key industries such as fuel, building materials, and food. We will continue to support business expansion by responding to corporate settlement needs between customers and expand the market.

Transaction Volume for Rent Settlement Guarantees



Transaction Volume for Accounts Receivable Settlement Guarantees



*The figures do not include the accounts receivable settlement guarantees handled through credit cards.

Highlights in Fiscal Year 2022

In this medium-term management plan, we have newly established a BtoB Solution Division to aim for the dramatic expansion of the settlement and guarantee business, a key market. Moreover, in establishing a market-in type of sales, we have begun providing business succession and real estate solutions to address the absence of successors, one of the most critical management issues for small- and medium-sized enterprises, as well as to respond to member merchants' entry and exit needs. We have also actively collaborated with Mizuho Bank, Ltd. to support small- and medium-sized enterprises, their clients, through the provision of accounts receivable settlement guarantee products, business cards, and support for cash flow and operational efficiency. In terms of collaboration with other companies, we have also started providing food platforms through an alliance with XMart Inc. and subsidy/grant automatic diagnosis services through an alliance with Writeup.co., Ltd. We will continue to lead our Company's growth through solutions that go beyond the realm of finance.

Overseas Business

Overseas Business is positioned as a priority area in the medium-term management plan, and we are nurturing it to be the next major pillar. We will contribute to sustainable community building through financial products in Southeast Asia by expanding business areas and handling products in the countries where we operate.



株式会社オリエントコーポレーション



Managing Executive Officer

Head of International Business Division Kazuhiro Mukai

Medium- to Long-Term Vision of the Company

It has been eight years since we focused on expanding our auto loan business in the ever-growing Southeast Asia market, launching operations in Thailand in 2015 and the Philippines and Indonesia thereafter. The middle-income class continues to grow in these countries, and consumption is steadily expanding. Under these conditions, we intend to leverage our domestic expertise in auto loan businesses to expand our sales network, enhance our product offerings, and elevate our financial service capabilities, thereby boosting Orico's brand recognition in each country. Additionally, with the accelerated development of digital technology and the establishment of communications infrastructure, financial inclusion is becoming more widespread. We aim to help our customers lead prosperous lives and foster the development of sustainable communities by providing safe, secure, and convenient financial services that meet our customers' needs. We are also exploring the possibility of designating Vietnam as our fourth auto loan market, all while initiating new businesses in countries where we are already present and further extending our overseas operations.

Social Issues to be Addressed through Business Activities

As responding to climate change becomes an immediate global concern, the three countries we have entered are undertaking more aggressive, government-run measures towards EV adoption, even more so than Japan. Although Korean and Chinese automobile manufacturers currently has a strong presence in EV offerings, we believe that the full-scale deployment of EVs by Japanese car manufacturers will create opportunities for our overseas business to branch into the EV sector. We commenced a certified used car scheme in Indonesia in March 2023, aiming to contribute to further growth in the automotive market. This is achieved by creating a market for consumers in Asia to purchase safe and reliable used cars, and by promoting the "reuse" of high-quality Japanese vehicles, which hold more than a 90% share in the Southeast Asian market. Moving forward, we will continue to contribute to the entire development of the Southeast Asian automobile market by exploring the creation of used car markets with certified processes in active personal used car trading markets. Furthermore, we will help to enrich our customers' lives by offering the financial services and new products beyond auto loans most suitable for each country.

Medium to Long-Term Market Outlook

Looking at the global new car sales market, developed countries, including Japan, have been saturated since the 2010s. On the other hand, in the five major Southeast Asian countries, the GDP is expected to grow at an average annual rate of 3% until the 2030s, and new car sales, including for EVs, are expected to increase significantly. In proportion to this increase, the need to purchase automobiles is expected to rise with the increase in consumer income, and the auto loan market is expected to expand further. However, at the moment, there is a need to be mindful of economic trends such as higher-than-expected interest rate increases, the rise in inflation, and a global economic slowdown, which have led to economic slowdowns in the five major Southeast Asian countries and a decline in consumer spending.

Nevertheless, the GDP growth rate in the five major Southeast Asian countries continues to grow steadily, and with the diversification of consumer lifestyles in the post-COVID-19 era, financial services are evolving in a leapfrog manner due to the dramatic spread of digital technology and infrastructure, and consumer usage is expanding. We will firmly acknowledge this trend and continue to provide auto loans, new products, and services that enhance customer convenience, as well as expand our overseas business.

Overseas Business

Capitalizing on our top-class performance and expertise with auto loans in Japan, we will contribute to the healthy growth of the new and used car market in Southeast Asia by offering financial services tailored to local needs.

Thailand

We established an operating company in 2015 to offer used car loans and related products to customers in major urban areas, including Bangkok.

Philippines

In 2019, we established an operating company, expanded our sales network centered in Manila, and provided used car loans to our customers.

Indonesia

In 2021, we acquired shares of a loan company and are offering new and used car loans. We launched a new certified used car scheme in 2023.

Features of the Business and Market Superiority

While tailoring the expertise of our auto loan business, honed in Japan, to fit various overseas markets, we are embracing the challenge of expanding our business into previously untapped markets.

Strengths

- Utilizing the expertise we developed in Japan in the auto loan business, member merchant management, and credit collection
- Fundraising ability

Weaknesses

- Development of overseas talent
- Building a strong governance structure including risk management to align with business expansion

Opportunities

- Increase in the middle-income class with strong purchasing desire due to population growth, acceleration of motorization
- Progress of financial inclusion such as digitization post-COVID-19

Threats

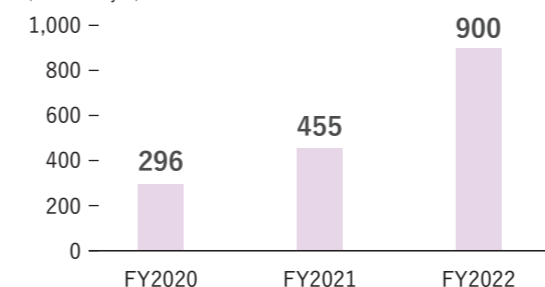
- Intensification in customers' preference for interest rates
- Burden of adapting to regulatory changes imposed by various national supervisory authorities
- Influence of geopolitical and market risks
- Heightened competition with local banks and others

Overview of Fiscal Year 2022

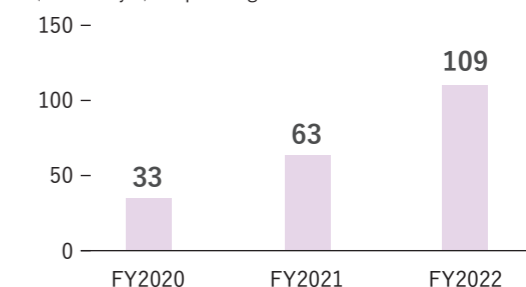
The overseas auto loan business witnessed a substantial increase in transaction volumes across all countries, including Thailand (up 70% YoY), the Philippines (up 95%), and Indonesia (up 230%), spurred by economic recovery from the pandemic and enhancement of the management foundation.

Overseas

(100 million yen) Transaction Volume



(100 million yen) Operating Revenues



Highlights in Fiscal Year 2022

Beginning in March 2023, we initiated the "certified used car scheme" in Indonesia. In Southeast Asia, where vehicle inspection is limited and there is no quality assurance for used cars, we are utilizing our experience in used car assessments to design a system to cultivate the used car market and boost the auto loan transaction volume. Also, for the first time in the credit industry, we have also formulated a Sustainability-linked Financing Framework, establishing auto loan volumes in Southeast Asia as a key performance indicator (KPI).