Orico

# INTEGRATED REPORT

2024



# Our New Corporate Philosophy



## Purpose

# Open the Future with You

## Value

**Embrace Integrity**

**Establish Trust**

**Envision the Future**

**Enjoy Challenges**

## Our Story

From past to present,
we have been offering safe, secure, and
convenient financial services tailored
to the changing demands and lifestyles.

In the whirlwind of uncertainty,
we endeavor to be a trusted partner to our customers,
taking a genuine care and leading with enthusiasm,
staying close to the present and
the future status of each one of our stakeholders.

To this end, we envision the future of our customers
and the society, and continue to take on the challenges
to create new value arising from these visions.

—To open the future with you.

# Charting the Course for Our New Corporate Philosophy

## The Impetus Behind Our New Corporate Philosophy

Our former Corporate Philosophy—comprising our Fundamental Principle, Management Policy, and Code of Conduct—was established in 1995 to commemorate our 40th anniversary.

In the years since, we've witnessed unprecedented changes in our social environment, driven by technological innovation, globalization, and the diversification of values and lifestyles progressing at a speed beyond expectations. Taking a long-term perspective on the future of our Group, we recognized it was time to verify and review our philosophy system.

This verification and review process required us to re-imagine the philosophy with a future-oriented mindset, envisioning a world completely different from the present. To this end, we launched a working group called the Philosophy Reconstruction Committee in September 2022, composed primarily of young employees in their 20s and 30s who will lead the Company's future.

In the Philosophy Reconstruction Committee, we created a draft based on the opinions of various stakeholders, including workshops by committee members, conducting internal questionnaires, and interviews with member merchants and business partners, to clarify the desired future state as a company and examine the necessary elements for the new philosophy, such as strengths to achieve it and values to cherish. We then engaged in repeated discussions with management.

Through this process, in April 2024 we formulated a new Corporate Philosophy consisting of our Purpose, which expresses our reason for being and mission, and our Value, which represent the values we cherish, along with Our Story that complement these.






1995

Formulating the New Philosophy



新井社長



# Interviews with Philosophy Reconstruction Committee Members

In this era of accelerating change, where discontinuous growth is imperative, we dedicated about a year and a half verifying and reviewing our philosophy, with "transformation" as the theme. To clarify our future vision for our Company, we not only held internal discussions, but also set up opportunities to look outward. We conducted interviews with various companies, incorporated objective perspectives to identify our weaknesses and challenges, and sought out solutions.

Additionally, in formulating our Corporate Philosophy, we first created a narrative entitled "Our Story" that forms the bedrock of our philosophy. This encapsulates the ideas that should be embedded in the philosophy and the social impact we aspire to achieve. We then refined this into a philosophy that can guide our employees' decision-making in challenging situations.

The members of the Philosophy Reconstruction Committee boldly took on the challenge of tackling a project of unprecedented difficulty, overcoming numerous obstacles to cultivate a transformation mindset and achieve significant growth.

Going forward, the members of this committee will take the lead in implementing initiatives to ensure all employees internalize and embody our new philosophy.

## Q What challenges did you face in formulating the Corporate Philosophy?



Orico Card Center
**Maki Yamanaka**

Our first task in the Philosophy Reconstruction Committee was to imagine the consumer finance industry and our Company in 2050. While it's the near future, I remember struggling when it came to putting them into words. Despite the difficulties, engaging in group discussions and hearing others' perspectives allowed me to expand my imagination and tackle the task effectively. It was a good experience to learn from.



Credit Collection Administration Dept.
**Rio Okado**

One of our biggest challenges was when we discussed finding the right words to convey our message and intentions. As we delved deeper into the activities, both the committee members and I developed strong convictions about the new Corporate Philosophy, and reconciling these individual, occasionally conflicting viewpoints into a unified vision was no small feat.



Branch Coordination Dept.
**Naoya Emoto**

In the employee survey about updating the Corporate Philosophy, the opinions expressed included sentiments such as "There's no need to change the philosophy", and "The current philosophy is still relevant in today's context".
It was not a simple matter to reconstruct a philosophy, taking into account these opinions and hearing from various people, from different departments and different years of experience, about their thoughts on the Company's transformation.

## Q How did the activities change your thoughts about the Company and philosophy?



Operation Administration Dept.
**Mai Murakami**

Before joining the Philosophy Reconstruction Committee, I'll admit that our Corporate Philosophy felt somewhat distant from my day-to-day work. However, the activities deepened my understanding of our Company. I've gained a newfound appreciation for the thoughtfulness of so many behind our former philosophy and how it encapsulated our Company's essence. It's made me even prouder to be part of this organization.



Tokyo Auto Branch
**Reki Nara**

Through the process of thinking about the new Corporate Philosophy, I gained a deeper appreciation for the intentions, aspirations, and core values embedded in our former philosophy. Also, researching philosophies from various companies opened my eyes to the depth of meaning behind each word and phrase for the first time in this position. It has transformed my perspective on corporate philosophies.





## Q What are your thoughts and impressions about the new Corporate Philosophy?



Shinjuku Branch
**Yusuke Yoshino**

Out of our four Values, I am particularly drawn to "Establish Trust".
"Trust" is a word that the Company has cherished for a long time, and it's a word I've been familiar with since joining the company.
I feel that preserving this word in our philosophy is very important for the Company.



Osaka Credit Collection Center
**Mayuka Seto**

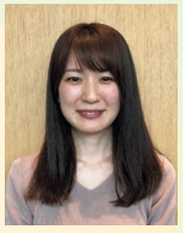
Up to now, our Company has emphasized being a supportive presence for our customers, business partners, and employees. However, I feel that the new Corporate Philosophy goes beyond being a supportive presence by aiming to illuminate the path ahead and serve as a guidepost, which conveys a more proactive stance that embodies a spirit of continuously taking on challenges.

## Q What personal changes did you experience through the activities?



IT System Planning Dept.
**Hideaki Inaku**

In a rapidly changing society and environment, I feel that it is important to take on even the smallest challenges and to enjoy doing them, not only in our daily work, but also in our daily lives.
Through these activities, I felt supported by many people and sensed that my own mindset towards change has grown stronger.



Mizuho Bank, Ltd. (on assignment)
**Mikako Shiihara**

To transform our Company, we need to start with individual mindsets. And to inspire change in others, we must first embody that change ourselves! I've become motivated to take on various challenges and lead by example. Embracing the slogan "Transform Myself!" I have changed since joining the Philosophy Reconstruction Committee, such as by pursuing external side jobs.

## Q How will you utilize the experience you gained from the activities?



Digital Innovation Dept.
**Yukiko Ogawa**

Engaging in discussions on various themes enabled me to delve into ideas more deeply than I could have on my own. Also, by talking with people from various departments, it became an opportunity to reaffirm the good points of our Company.
I will continue to strive to make this a company that can contribute to even more customers in the future.



Process Innovation Office
**Chiyo Shirane**

Through the activities of the Philosophy Reconstruction Committee, I have reaffirmed that the philosophy not only affects the company's brand image and corporate value externally, but also leads to internal engagement and motivation by making it something that we can clearly relate to.
Going forward, I would like to focus on activities to promote greater awareness of the philosophy and to put the philosophy into practice.

# Message from the President



**Transforming corporate culture in line with the new philosophy, we will continue to take on challenges in a “world with interest rates”.**

**President and Representative Director**

Tetsuo Ji Mori





## Into a World with Interest Rates

In March 2024, the Bank of Japan ended its negative interest rate policy, marking the return of a world with interest rates. While we had long anticipated a future rise in interest rates, the recent pace of increases has significantly outstripped the forecasts of multiple domestic think tanks.

Looking back, Japan’s zero interest rate policy, which began in February 1999 in response to the financial crisis epitomized by the collapse of major securities companies and the subsequent credit crunch, persisted until this March. This policy was briefly interrupted only during a period of slight economic recovery between July 2006 and December 2008. In essence, we’ve experienced virtually zero interest rates since the dawn of the 21st century. As a non-bank financial institution where interest rates constitute our funding costs, this era of zero interest rates has been extraordinarily favorable and fortuitous for us.

Naturally, our Company achieved steady growth even before the introduction of the zero interest rate policy in 1999, and some might argue that we’ve merely returned to that era. However, there’s a crucial difference between then and now: the growth rate of the Japanese economy. In 1989, when we changed our name from Orient Finance to Orient Corporation, Japan’s nominal GDP growth rate stood at about 7%, with real GDP growth at approximately 5%. During these phases of economic expansion, we could generate profits by investing the funds we raised in high-growth sectors.

By contrast, today’s economic growth rate hovers at around 1% in terms of real GDP. We now face an unprecedented scenario: a world that has interest rates, but no substantial growth. Of course, saying that there’s no growth might be somewhat hyperbolic in light of future prospects. Nevertheless, I believe we can no longer expect the robust growth witnessed during the high-growth era of the 1955 to early 1970s, or even the stable growth period of the 1980s.

Our Company will be celebrating its 70th anniversary this December. For the next 30 years leading up to our centennial, we must navigate new challenges in this uncharted world featuring interest rates. At this pivotal juncture in history, I am keenly aware of the weight of the responsibility of steering our management.

## Orico’s New Corporate Philosophy Looking 30 Years Ahead: “Open the Future with You”

### Behind the Creation of Our New Corporate Philosophy

I believe that a corporate philosophy is a guiding light that all excellent companies have regardless of their size.

The motivation for reviewing our Corporate Philosophy, which was established in 1995, was the significant changes of the times. 1995, when we formulated our previous philosophy, was the peak year for Japan’s working-age population, and the Japanese government was promoting deregulation and structural reforms following the collapse of the real estate bubble. Windows 95 was released, marking the beginning of an era where every household had a computer, and the penetration rate of mobile phones rapidly increased from about 5% in the previous year to 10% in just a single year. I think this was an era when society believed that continued economic growth would persist. Times have changed considerably between when we formulated the previous philosophy and now, and about three years ago, when we were formulating the current medium-term management plan, I realized that the previous philosophy had become somewhat outdated. I felt that under the previous philosophy, we would follow the same path as before and wouldn’t be able to adapt to the new era, so it was necessary to formulate a new corporate philosophy and clearly express the thoughts and ideas embedded in that philosophy both internally and externally.

That being said, in formulating the new philosophy, it was quite difficult to accurately predict the future 30 years from now, as our intuition failed to grasp the non-linear changes that the future has in store for the 21st century.

However, what we can almost certainly anticipate for the next 30 years is that Japan’s population will decrease to around 100 million, and consequently, the age range considered to be working age will likely be redefined. Additionally, global warming will continue to advance, and the trend towards decarbonization will intensify in an effort to curb it, leading to the creation of various new technologies to address the issue, such as nuclear fusion.

To directly address these changes and fluctuations over the next 30 years, and to continue to balance solving social issues with growth as a company, we have set our purpose as “Open the Future with You”, infusing our determination to proactively approach society’s potential needs rather than taking a passive approach. Furthermore, based on the integrity and trust we have long cherished, we have established four values that express our desire to imagine the future and take on the challenge of creating new value. We established and announced this new philosophy, combining our Purpose and four values, in April 2024.

## The Process of Establishing the New Corporate Philosophy

To be frank, establishing the new Corporate Philosophy was quite challenging, and we finalized the details about half a year after September 2023, our originally planned timing. What I particularly emphasized in this formulation process was incorporating a more future-oriented perspective that included changes and endeavors, as well as having it primarily be created by young employees in their 20s and 30s who will be supporting our Company for the next 30 years. I didn't want a process in which one part of the head office planning department drafts and decides the proposal, so we proceeded with discussions in the young employee-focused Philosophy Reconstruction Committee. However, discussions held solely within the Company tended to be held back by precedents from the past 30 years, making it difficult to break away from them. So to better anticipate the new era, we created opportunities to hear from companies in different industries. This is because I myself derive great inspiration from regularly talking with business leaders from various external industries. Based on the draft created through these efforts, we held thorough discussions among the Executive Officers including myself as well as at the Board of Directors, including External Directors, before finally setting it in stone.

We also conducted a company-wide survey on the draft. Regarding the Purpose, we heard feedback that included "Can our Company really do something like 'open the future'?" Also, with regard to the expression "Embrace Integrity", one of our four values, some felt that this is too obvious to be considered a value and that it makes it seem as if we've been doing something wrong. However, I explained in my own words that the "integrity" referenced here is closer to the English interpretation of integrity as opposed to fairness or justice, and that it means that we want to respond to our customers and partners with sincerity and good faith so that we can understand their requests and channel that into new product and service development.

Going forward, it's crucial that all employees think about how they can transform their work based on the new Corporate Philosophy, as well as how they can change the corporate culture. We will not only turn the young employees who participated in formulating the new philosophy into "evangelists", but also have all executives, including myself, spearhead its implementation through our own words.



## 10-year Vision of Orico's Medium- to Long-term Strategy

### Keyword: Sustainability

Looking ahead to the next decade, the most pressing social issue we must address is undoubtedly the global environmental crisis. The push to prevent environmental degradation and achieve net-zero greenhouse gas emissions to mitigate climate change will further intensify, and financial institutions' investments will increasingly shift in this direction. Consequently, corporate management must naturally shift in the same direction. For the coming decade, sustainability will unquestionably remain a central theme. We must consider how to balance the sustainability of our planet and society with the sustainability of our Company. I believe this involves identifying high-growth markets and determining how we, as a company, can contribute to solving social issues.

Before formulating our current medium-term management plan, we articulated the vision for our society as "a sustainable society in which everyone can realize a fulfilling life". To make this vision a reality, we defined the vision of the Company as: "an innovative and leading company that provides financial services by always being attentive and responsive to our customers, while contributing to solving various social issues" and "a company that is more than ever recognized by its stakeholders for its significance in society". This focus on sustainability, aimed at enhancing both social and corporate value from a long-term perspective, forms the core of our management approach. Our medium-term management plan outlines the specific strategies and measures to achieve this goal. In our current plan, which runs through fiscal year 2024, we are concentrating on developing a framework for sustainability management and optimizing our business portfolio to boost sustainable and stable profitability. Reflecting on our progress through fiscal year 2023, the second year of the plan, I believe we have made substantial strides in developing and reinforcing three key foundations: governance, human resources strategy, and financial discipline.

## Management Foundation Continually Strengthened

We are making steady efforts to strengthen our governance, which serves as the foundation of our management. In addition to establishing the new Corporate Philosophy I explained earlier, we have also transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee in June 2022, while increasing the ratio of Independent External Directors on the Board of Directors to one-third or more.

Furthermore, since 2022, we have formulated new basic management policies such as the Information Disclosure Basic Policy, Human Rights Basic Policy, and Environmental Basic Policy. From the perspective of sustainability management, in fiscal year 2023, we responded for the first time to the Climate Change Questionnaire survey by CDP, an international NGO that evaluates the environmental activities of major global companies. As a result of our response, we received a B rating, the third-highest rating, as well as remarkably high praise and encouragement as a first-time respondent. Moreover, we were selected as a constituent of the MSCI Nihonkabu ESG Select Leaders Index in March 2024, and in May of the same year, we acquired an A rating in MSCI's ESG ratings. While there is still room for improvement, I believe we have been able to build a track record that aligns well with international standards.

On the financial front as well, we are strengthening our foundation through the establishment of new capital policies and financial discipline. When I became President in 2020, we were in the midst of the COVID-19 pandemic, but looking at the Japanese economy, Abenomics had made progress in overcoming the deflationary mindset, and the market environment was characterized by negative interest rates and lower default rates. Given that future interest rates can only move upward, we have been working to strengthen our financial base with the belief that JCR and R&I ratings are crucial for non-bank financial institutions to continue smooth and important fundraising in the future. Our rating, which was BBB+ at the time, has now been upgraded by three notches to A+, the highest level in the industry, and I believe our financial issues have been resolved.

In our human resources strategy, to develop talent that can successfully adapt to the new era, we have implemented various reforms to our personnel system, including the abolition of transfers involving undesired relocations and the decision to introduce job postings. We started a mission- and performance-based evaluation system for managerial positions in April 2023, and expanded it to union members starting April 2024. The aim of these system reforms is to support autonomous career development. In an era of rapid change, we as a company are committed to firmly supporting employees who seek to carve out new paths for themselves. By developing and operating systems based on this concept, we aim to build a win-win relationship between the Company and its employees.

## Creating Businesses That Lead to New Value

Building on this management foundation, we are also restructuring our business portfolio to advance initiatives that contribute to solving social issues and enhancing social value. With the aim of transforming our business portfolio into one with high risk-return and cost-return, we have established four key strategies: cultivating priority markets and exploring new business fields, establishing market-in type of sales, creation of new services through collaboration with other industries and leading-edge companies, and delving into process innovation. Additionally, we have positioned the acceleration of structural reform of the installment credit business as a company-wide initiative.

I believe these various business strategy initiatives are making steady progress. For example, in 2023, we invested in Honest, a Fintech in Indonesia, establishing a strategic partnership with the only company other than local banks to hold a credit card business license in the country. I have personally engaged in dialogue with the founder and CEO of this company, who started the business based on financial and technological knowledge gained from studying at a U.S. university. Having witnessed the leapfrogging phenomenon unfold in that country, I can't help but feel a sense of crisis, wondering if Japan has been quietly overtaken. It's truly eye-opening. Indonesia, with Southeast Asia's largest population at 280 million, is experiencing an expansion in its middle-income class along with rapid economic development and widespread digital infrastructure. However, only about half of the total population has a bank account, and the credit card penetration rate is only around 5%, indicating that access to financial services is not necessarily sufficient. We aim to capture the inevitably expanding market needs and are also considering integration with our auto loan business that we have been operating in the country.

Moreover, we are seeing examples of initiatives that embody our new Corporate Philosophy by creating new value. One such example is the Akikatsu Loan, which promotes the circulation of vacant houses, a social issue affecting all of Japan. This solution focuses on the fact that housing loans and similar financial products are difficult to apply to vacant houses whose collateral value has decreased over time. As a result, even those who want to purchase such properties are forced to give up due to financial constraints, perpetuating the vacant house problem in local communities. We made this product a reality through repeated development efforts in collaboration with AKIYA KATSUYO Co., Ltd., which operates Akikatsu Navi, an online platform that matches vacant house owners with potential buyers nationwide utilizing our long-established network with regional financial institutions and digital technology. The Akikatsu Loan product received the 2023 Nikkei Superior Products and Services Awards: Nikkei Veritas Award.

## Looking Toward Future Growth

While each initiative is steadily moving forward, due to the impact of interest rate increases progressing more rapidly than initially anticipated, we cannot expect to achieve our original target of 40 billion yen in ordinary profit in fiscal year 2024, the final year of the current medium-term management plan. In May, we revised the ordinary profit target downward to 20 billion yen. Our original interest rate outlook was based on what we believed to be objectively reasonable forecasts made by multiple domestic think tanks. However, in the first year of the medium-term management plan, we suddenly exceeded the interest rate increase anticipated for the three-year period, making me keenly aware that we are indeed in an era where unexpected events can occur. We consider the final year of the current medium-term management plan to be an important turning point for future growth. While achieving the promised management goals is of course important, it is also crucial to lay the foundation for the next leap forward and phase of growth. To improve our PBR, we must continue to transform into a high-growth company by working on two aspects: improving ROE and ROA, and enhancing non-financial value. As we steadily continue to put the current medium-term management plan into action, we will deepen discussions on formulating the next medium-term management plan for the next decade.

### Orico's Strengths

One of our greatest assets is our broad customer base and connections with various types of business partners. We have built good relationships with our 10.87 million credit card members, 1.4 million customers provided with rent settlement guarantees, as well as 900,000 domestic and overseas member merchants, 562 affiliated financial institutions, and other business partners. We are also advancing collaborations with various startups utilizing cutting-edge technologies.



The Akikatsu Loan I mentioned earlier also generated new value by making effective use of these customer bases and our relationships with business partners, but the key aspect that connected these two was sustainability, specifically the utilization of vacant houses.
At present, it is said that about half of the approximately 3.4 million small- and medium-sized enterprises (hereafter "SME") in Japan face sustainability challenges such as business succession, and in the next 30 years, the decrease in the number of SMEs is likely to become quite severe. We act as a hub for these SMEs as well, connecting them with cutting-edge firms we work with in the digital sector to support their payment operations from a DX perspective. These initiatives have also led to the growth of our consulting business, where we provide advice on business succession. We aim to commercialize and create services centered around our strengths—namely, our customer base and partner companies—with sustainability serving as the axis we use to solve social issues. We want to turn this into a new strength and channel it into our growth.
It is, of course, our human resources that will enable us to address social issues. In our DX talent development initiative that started in 2022, all employees passed the beginner certification exam within a year and are now challenging themselves to advance to the intermediate and advanced levels. While many companies are facing labor shortage issues, at our Company, employee re-skilling is making smooth progress and digitization is advancing in the areas where it should be, with the result being that we are able to secure human resources for real-world operations. Moreover, the percentage of female managers has grown to 27.6%, and I can feel the potential for our Company to become one where people from diverse backgrounds and with diverse values can actively express their opinions with clear accountability. This abundance of human capital is also a boon to our Company's growth, and we will focus on maximizing its potential over the next 10 years. By doing so, we will continuously produce businesses on the world stage that lead to the generation of new value.

### Future Challenges

To address this, we face two major issues. First is transforming our corporate culture into one that fosters the drive to take on challenges. While our employees are very responsive to the chain of command, I sometimes feel they lack the drive to take on challenges. Without the motivation to expand networks and explore the outside world, it's difficult to create new value. Cultivating corporate culture cannot be done overnight, but in addition to enhancing our systems to support autonomous career development, I believe it's crucial that I, as the one at the top, take the lead in this as one of my most important responsibilities.
The other challenge, needless to say, is adapting to an unprecedented world that has interest rates but no growth. Some may argue that saying that there's no growth is an exaggeration, but we cannot survive unless we understand the urgency of the situation and take a different approach. I believe there are four prescriptions for this challenge.
First is to shift towards businesses that do not rely on assets. Unlike in the past, relying on assets in a non-growing environment will make us highly susceptible to interest rate fluctuations. Positioning the settlement and guarantee business as a priority market is one way to prepare for this, but for example, if we utilize our customer data not only for standard credit assessments, but also for customer marketing and other purposes, I believe this will generate new value that is not dependent on assets.
Second is to increase asset turnover. It's vital to increase asset turnover by rapidly circulating monthly cleared receivables (paid once the following month), or alternatively, instead of the securitization of long-term assets, farming them out as monetary claims to banks and other financial institutions.
Third is to shift towards growing markets. Specifically, overseas growing markets will be the target, but the challenges there lie in governance aspects such as management control systems and securing, developing, and promoting excellent local talent. As credit ratings become crucial in conducting business overseas where fundraising is more difficult than in Japan, we will aim not just to maintain our current "A+" rating, but to further improve it.
Finally, the fourth is to adapt to trends such as subscription models that shift from ownership to usage. I believe that by leveraging our broad customer base, we can demonstrate our strengths in terms of these trends while also identifying new customer needs.



## To Our Valued Stakeholders

The society we aim for is a sustainable society in which everyone can realize a fulfilling life. To achieve this, we have been steadily producing results while maximizing our abundant human capital, based on the idea of balancing social value and the enhancement of corporate value.
I believe our Company has the potential to generate even greater added value going forward. Building on the collaborations we have established with our customers and business partners, we will create a new growth strategy for this new era with interest rates. I believe this to be my mission.
I ask for the continued support of all our stakeholders, including our customers, business partners, shareholders, employees, students interested in our Company, and local communities, as we look to meet your expectations.

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## Editorial Policy

### Purpose of Publication

Based on "Our Approach to Corporate Governance and Our Basic Policy on Corporate Governance" and "Information Disclosure Basic Policy", we position timely and appropriate information disclosure to stakeholders as one of our most important management issues. We are committed to actively disclosing not only financial information, but also non-financial information such as our management strategies, governance, and risks.
The main purposes for issuing this report are as follows.

1. To clearly explain and help a wide range of domestic and international stakeholders understand our vision, business model, strategies, among others
2. Through 1, to get stakeholders to believe in the potential for the sustainable enhancement of our corporate value
3. To clearly explain the relationship between business strategies and financial/non-financial capital, and create a cycle of two-way communication through broad dissemination both internally and externally

| Disclosure Materials | Summary of Contents | Main Target | Financial Information | Non-financial Information |
|---|---|---|---|---|
| Integrated Report | In addition to legally required financial information such as company sales and assets, discloses non-financial information including corporate governance, social responsibility, and intellectual property | All stakeholders | Y | Y |
| Annual Securities Report | Disclosure of corporate content created each fiscal year<br>*Recently, there have been many required disclosure items for non-financial information as well | Shareholders and investors | Y | Y |
| Financial Statements | A quick report summarizing key aspects of financial conditions for the fiscal period, prepared by listed companies at the time of financial results announcement as requested by stock exchanges | Investors | Y | |
| Financial IR Materials | Materials containing financial information and business performance reports | Investors | Y | |
| Business Report | A general term for the business report and its supplementary schedules that all companies are required to prepare under the Companies Act | Shareholders and investors | Y | Y |
| Corporate Governance Report | A report detailing the status of corporate governance that listed companies are required to submit as part of the timely disclosure system stipulated by stock exchanges | Shareholders and investors | | Y |
| Website | Broadly disseminates information on the company's products, services, financial and non-financial information | All stakeholders | Y | Y |

### Scope

Our Company and Group companies were subject to reporting; however, report targets may differ depending on the item.

### Target Period

April 1, 2023 - March 31, 2024 (however, some activities after April 2024 are also included)

### Guidelines Referenced

International Integrated Reporting Council (IIRC, now the IFRS Foundation), "International Integrated Reporting Framework"; Ministry of Economy, Trade and Industry, "Guidance for Collaborative Value Creation"

Environment Social Governance
Guidance for Collaborative Value Creation

### Note about Company Outlook

This report contains information related to future plans, strategies, performance forecasts, and the outlook for our Company and affiliated Group companies. These descriptions are not predicated on past facts, but are predictions based on assumptions and beliefs that we have determined from the information available at this point in time. Furthermore, it encompasses uncertainties such as risks related to economic trends, individual consumption, market demand, taxation, and various systems. Please be advised that actual performance may diverge from our expectations.

Visit our corporate website here:
https://orico.jp/en/corp

From Past to Future

# From Our Founding Origins to the Evolution of the Orico Group

**Since its founding in 1954, the Orico Group has continuously transformed its portfolio to anticipate changes in the times and society's needs, helping to make people's lives prosperous and comfortable while continuing to grow. The various transformations and endeavors in our history have paved the way for our current business foundation.**



## 1954

▸ 1954
**Hiroshima Coupon established**



▸ October 1989
**Company name changed to Orient Corporation**

▸ April 1969
**Introduction of installment credit purchase business (now auto loans, shopping credit)**

▸ November 1969
**Started issuing credit cards**

▸ November 1983
**Launch of guarantee services for personal loans from financial institutions (now known as bank loan guarantees)**

▸ April 1992
**Fee collection guarantee service launched (now known as settlement and guarantee)**

▸ May 2015
**Orico Auto Leasing (Thailand) Ltd. established**

▸ October 2017
**Orico Forrent Insure Co., Ltd. made into a consolidated subsidiary**

▸ September 2019
**Orico Auto Finance Philippines Inc. established**

▸ March 2021
**PT Orico Balimor Finance made into a consolidated subsidiary**

▸ September 2023
**Orico Auto Leasing Co., Ltd. and Orico Business Leasing Co., Ltd. made into consolidated subsidiaries**

▸ March 2024
**Made AEON Product Finance Co., Ltd. a wholly owned subsidiary and changed its name to Orico Product Finance Co., Ltd.**

▸ April 1995
**Former Corporate Philosophy formulated**

## 2024

▸ June 2022
**Transitioned to company with Audit and Supervisory Committee System**

▸ April 2022
**Listed on the Prime Market Index**

▸ March 2024
**Formed business alliance with AEON Financial Service Co., Ltd.**

▸ November 2022
**Orico Sustainability Fund newly established**

▸ April 2018
**Orico Digital Fund newly established**

▸ February 2005
**Strategic capital alliance with ITOCHU Corporation**

▸ July 2004
**Comprehensive business alliance with Mizuho Bank, Ltd.**

## 2054

▸ December 2024
**70th anniversary of founding**

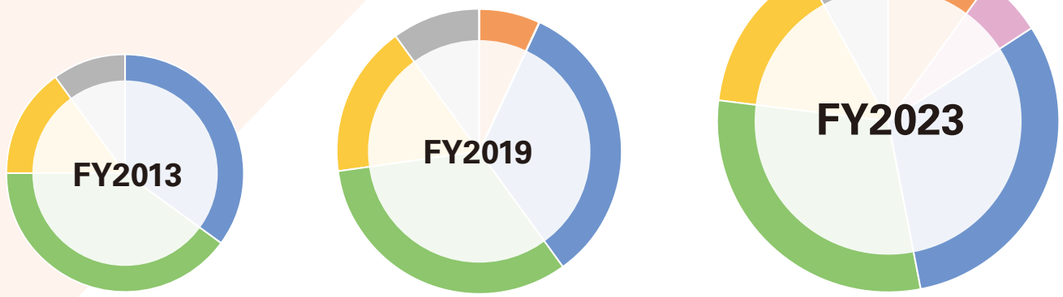
▸ April 2024
**New Corporate Philosophy formulated**

**100th anniversary of founding**



### Operating Revenue for Major Businesses

Installment credit business / Credit cards and cash loans business / Bank loan guarantee business / Settlement and guarantee business / Overseas business / Other




*Image

*Installment credit results for FY2013 include settlement and guarantee results.
*Other results for FY2019 include overseas business results.

# Value Creation Process

## External Environmental Changes

- Acceleration of decarbonization
- Interest rate rise risk
- Demographic shifts
- Acceleration of Southeast Asian economies
- Evolution of IT technology, among others

## Input

### Social relationship capital

- Broad customer base
- Extensive network of member merchants and financial institutions
- Strong foundation with Mizuho and ITOCHU

### Intellectual capital

- Appropriate assessment foundation utilizing AI, etc.
- Counseling and debt management know-how
- Handling of large-volume, accurate administrative processing

### Human capital

- Number of employees (Consolidated) 9,202 (Non-consolidated) 5,585
- Female manager ratio 27.6% (Senior Manager-level and above) 11.6% (General Manager-level)

### Finance/Sustainability

- R&I/JCR "A+"
- MSCI "A" (as of May 31, 2024)
- CDP "B"

(as of March 31, 2024)

## Business Strategies

Creation of new services through collaboration with other industries and leading-edge companies

Cultivating priority markets and exploring new business fields

Establishing a market-in type of sales

Delving into process innovation

- Credit Cards and Cash Loans Business
- Installment Credit Business
- Overseas Business
- Settlement and Guarantee Business
- Bank Loan Guarantee Business

### Corporate Philosophy

Purpose

**Open the Future with You**

**Value**
- Embrace Integrity
- Establish Trust
- Envision the Future
- Enjoy Challenges

### Management Foundation

- Governance
- New human resources strategy

### Financial Discipline and Capital Policy

- Balancing soundness and profitability
- New capital policy

## Capital reuse

## Materiality

- Contributing to Realize a Safe, Secure, and Convenient Cashless Society
- Creating New Customer Experience Value Through the Use of Financial Expertise
- Contributing to Realize a Decarbonized and Circular Society
- Contributing to Sustainable Community Development
- Focusing More on Diversity, Employee-Development, and Work-Style Reforms
- Strengthening Governance

## Vision for Our Society

- A sustainable society in which everyone can realize a fulfilling life

## Vision of the Company

- An innovative and leading company that provides financial services by always being attentive and responsive to our customers, while contributing to solving various social issues
- A company that is more than ever recognized by its stakeholders for its significance in society

## Outcome

### FY2024

#### Management objectives

- Ordinary profit: 20 billion yen
- ROE: 8.5%
- Ratio of general expenses to operating revenue 60.7%

#### Main Non-financial KPIs

- Improvement of employee engagement score to BBB
- 3,000 or more DX promotion personnel **Achieved**
- $CO_2$ reduction: Equivalent 800 fewer tons of paper/year

## About the "○" Logo

**The logo depicts a vigorous burning sun emitting white flames in an "O" shape. The logo also symbolizes Orico's corporate stance of energetically leaping forward by producing novel creations from within the white flames and helping them grow robustly.**

*Image

# Strengths of the Orico Group (Capital for Value Creation) *As of FY2023 or March 31, 2024)

## Social relationship capital

### Broad customer base

Domestic auto loans
**1.40 million cases**

Overseas auto loans
**100,000 cases**

Installment credit transaction volume including auto loans: 1,068.6 billion yen

Number of credit cards holders
**10.87 million people**

Number of business credit card holders
**240,000 people**

Credit card transaction volume: 3,126.7 billion yen

Rent settlement guarantee users
**1.40 million people**

Companies using accounts receivable settlement guarantees
**260,000 companies**

Settlement and guarantee business transaction volume: 1,713.2 billion yen

Bank loan guarantees
**1.28 million cases**

Outstanding bank loan balance: 1,252.3 billion yen

Operating assets balance
**6,191.1 billion yen**

### Extensive network of member merchants and financial institutions

Member merchants
**900,000 entities**

Affiliated financial institutions
**562 institutions**

### Investments in startups

**16 cases**

### A strong foundation with major shareholders (Mizuho Financial Group, Inc. and ITOCHU Corporation)

- Alliance and cooperation with Mizuho Financial Group, Inc. and ITOCHU Corporation
- Fundraising with Mizuho Bank, Ltd. as the main bank

## Intellectual capital

### Appropriate assessment foundation utilizing AI and advanced expertise

We build dedicated scoring models with high discrimination accuracy for each product, dividing the zones judged by AI and credit examiners to conduct careful examinations on a case-by-case basis in an effort to achieve more stable and high-performing credit assessment operations.

### Counseling and debt management know-how

We adopt a fundamental approach of "customer-centered counseling negotiations", which includes proposing repayment plans tailored to the individual circumstances of customers who have missed their payment deadlines. We leverage our industry-leading experience and expertise to provide support until full repayment is achieved.

### Handling of large-volume, accurate administrative processing

We create appropriate RPA scenarios based on know-how cultivated over many years to automate repetitive routine tasks, preventing both errors and wasteful use of time. This allows employees to focus on more advanced administrative tasks, enabling high-volume and accurate processing as well as improving efficiency and reliability.

## Human capital

Number of employees
**5,585 (Non-consolidated)**
Male: 1,968
Female: 3,617
**9,202 (Consolidated)**

Female manager ratio
**27.6% (Senior Manager-level and above)**
**11.6% (General Manager-level)**

Number of mid-career hires
**88 people**

## Finance/Sustainability

| | |
|---|---|
| JCR/R&I | A+ |
| MSCI (as of May 31, 2024) | A |
| CDP | B |

## Installment Credit Business

- Auto loans
- Home renovation loans
- Auto leasing
- Shopping credit

## Credit Cards and Cash Loans Business

- Official cards
- OBS
- Co-branded credit cards
- Business cards

## Bank Loan Guarantee Business

- General-purpose loan guarantees
- Purpose loan guarantees
- Card loan guarantees

## Settlement and Guarantee Business

- B2B payment services
- Guarantee factoring
- Business-related installment credits
- Small-lease guarantees
- Rent settlement guarantees

## Overseas Business

- Auto loans

## Other

- Real estate sales
- Product sales business
- Debt collection business
- Investigation business
- Data sales

## Comprehensive proposals as a unified Orico Group

Our domestic and overseas Group companies work together as one to generate synergies across a wide range of products and services, providing optimal proposals to our stakeholders.

**オリエント総合研究所 Orient Research Institute**
Research and analysis on consumption, the economy, and technology trends; general support for talent development and education

**CAL Credit Guarantee**
Auto loan guarantees for Orico

**HOLONIC CO.,LTD.**
Business solutions, outsourcing for the Orico Group

**Staff Orico 株式会社スタッフオリコ**
Comprehensive shared services related to human resources, general affairs, accounting, finance, and governance support for Orico Group

**JCS**
Debt collection business

**株式会社ビジネスオリコ Business Orico Co., Ltd.**
Administrative processing for the Orico Group

**Orico Business Leasing**
Leasing business in partnership with goods sales companies

**Orico Product Finance Co.,Ltd.**
Credit purchase intermediation, credit guarantees, guarantee services, debt purchasing, collection and payment agency services

その夢の、一歩先へ
*Open the Future with You*
**Orico**

**ORIEN SERVICER**
Investigation business, debt collection business

**Orico 株式会社オリコフォレントインシュア Orico Forrent Insure Co., Ltd.**
Rental guarantee service

**Orico Auto Leasing**
Auto lease business for personal/non-fleet market

**OALT**
Auto loan business in Thailand

**OAFP**
Auto loan business in the Philippines

**ORICO ESTATE**
Real estate sales business, real estate leasing business, real estate brokerage business

**Orico Balimor Finance**
Auto loan business in Indonesia

**株式会社オリコビジネス&コミュニケーションズ Orico Business & Communications Co., Ltd.**
Commercial product sales business, advertising and promotion business

# Orico's Sustainability Management Goals


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Representative Director Daisuke Murata of CrowdLoan Inc. x
Head of Financial Institutions Division Hitoshi Kasama

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External Director Kazumi Nishino x
General Manager of IT System Operation Dept. Masayo Kondo x
General Manager of Wakayama Branch Mari Nishida x
General Manager of Solution Center Asako Sato

# Message from Head of Corporate Strategy Group

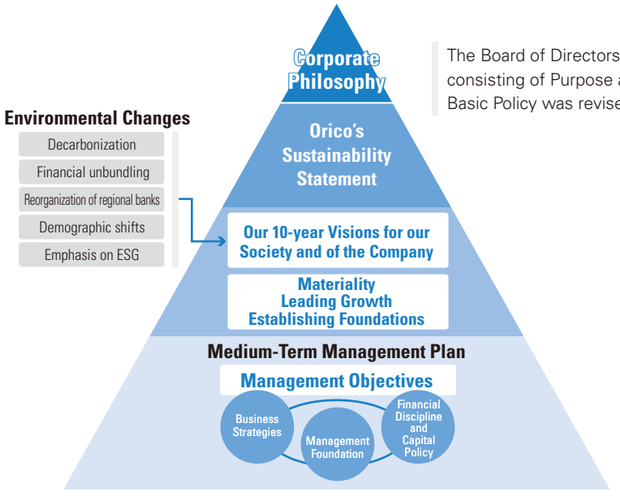


## Accelerating Sustainability Management with a Focus on Solving Social Issues

Managing Executive Officer
Head of Corporate Strategy Group and
Digital Marketing Group
Shinya Uda

## Orico's Sustainability Management Goals

In our medium-term management plan, we position sustainability as a top-level management theme, with the aim of enhancing both social value and corporate value simultaneously. Given that we have revised our highest-level philosophy and launched a new Corporate Philosophy, we have also restructured our approach to sustainability.
The Sustainability Basic Policy articulates the ideas woven into our previous Corporate Philosophy, putting them in the spotlight from the perspective of sustainability. In this sense, bearing in mind that it is integral to our overall philosophy, we deepened discussions on the Sustainability Basic Policy around the time when our purpose and values began to take shape, given its connection to our new purpose and its consistency with our 10-year vision. Through this process, we embodied our new corporate purpose in the message "Open the Future with You". In this message, we encapsulated our commitment to making our business sustainable by contributing to society through our daily corporate activities and balancing social and corporate value, with the goal of contributing to a sustainable future.
To convey these thoughts and messages to the world, we adapted the Sustainability Basic Policy into the format of a statement and called it Orico's Sustainability Statement. We believe this new way of expressing ourselves allows us to more clearly convey our sustainability initiatives and more concretely demonstrate our contribution to society.




The Board of Directors formulated a new Corporate Philosophy consisting of Purpose and Value. In conjunction with this, the Sustainability Basic Policy was revised and renamed to "Orico's Sustainability Statement".

### Orico's Sustainability Statement

We, Orico, are committed to our corporate purpose: "Open the Future with You". This represents our determination to be a partner, taking a genuine care and leading with enthusiasm, staying close to the present and the future status of each one of our stakeholders.

Our goal is to create a sustainable society in which everyone can realize a fulfilling life. We seek to solve various social challenges through the power of innovation and pass on a legacy of such a society to future generations.

To this end, as a trusted partner, we pursue both social value and corporate value by contributing to society through all of our corporate activities.

## Background and Significance of Promoting Sustainability Management

We are sometimes asked whether our sustainability management is enhancing the Company's corporate value. Indeed, in the short term, it may be difficult for sustainability management initiatives to produce visible changes. However, from a medium- to long-term perspective, we believe that pursuing sustainability is essential for establishing the significance of our Company to society for a new era.
Looking back, our credit sales business played a significant role in supporting Japan's rapid economic growth. During that period, when terms like "my car" and "my home" were coined, consumption and purchasing accounted for a considerable part of people's happiness and satisfaction in enriching their lives, and our Company supported these financially. However, that era has now greatly changed. There are many people who think that car-sharing is sufficient, or that public transportation is enough. The number of double-income households has significantly increased, and family structures have also changed greatly. Given that we are in an era where the elements that facilitate people's dreams and satisfaction have transformed significantly since we launched our credit sales business, if our Company were to focus solely on providing products and services to those who own or consume just like before, we would not be able to maximize customer value and satisfaction. How, then, should we increase the satisfaction of individuals and SME in this new era? We need to identify customer and societal needs based on social issues and monetize them as business opportunities. Now is precisely the time to make a significant shift toward this kind of sustainability management.
To move the entire organization toward balancing social value with corporate value, which is the aim of sustainability, we must simultaneously transform our corporate culture. Corporate culture cannot be transformed immediately, but by making adjustments now based on a 10-year outlook and pushing ahead even as we experience growing pains, I believe we will generate great value for our employees and other stakeholders.

## Progress with Sustainability Management

Our Company fully launched sustainability management in 2022, and this is our third year. Although it's been a short period, I feel sustainability management has made considerable progress. In our medium-term management plan, we set the goal of establishing the foundation for sustainability management in the first year, scaling up in the second year, and achieving an industry-leading level recognized by society in the third year. Of course, even after reaching an industry-leading level, we will continue to push forward to raise that standard even further. Looking back on our efforts thus far, we see significant progress in three areas.

### 1) Creating Business Opportunities Through an Outside-In Approach

One major advancement is the progress we have made in commercialization using an "outside-in" approach in which solving social issues leads to business opportunities. Until now, our credit sales business has sustained the overall consumer finance business with a product-out approach, in which business divisions are organized by product.
"Outside-in" is the opposite of "product-out". It is an approach that begins with social issues, incorporates needs from a user perspective, and monetizes them as businesses. One initiative that represents this approach is Akikatsu Loan, which was created in response to the social issue of vacant houses. We created a mechanism in which we utilize our strengths in assets, pursue development through open innovation with startups, and monetize. Going forward, we will nurture this into a profitable business while incorporating our users. While Akikatsu Loan is sill evolving, it marks a significant step in that we are seeing results from the outside-in approach.

### 2) Internal Penetration of Sustainability

The second point is the progress made in our efforts to get employees to feel invested in sustainability and have it permeate throughout the organization. While management consistently communicates the importance of sustainability, it is essential for management and employees to be of one mind. I believe employees should identify with, understand, and practice sustainability themselves. I call these three stages "internal sustainability penetration measures", with employees putting it into practice on their own being the ultimate goal of internal penetration. I feel we're already seeing signs of progress toward this final goal in a number of aspects. For example, starting in October 2023, we began encouraging our Group employees to take the Sustainability Management Test, a domestic private sector certification exam. For the certification exam held in April 2024, about 600 people passed the second and third grades, making us the organization with the second-highest number of certificate holders at these levels in Japan. Additionally, starting in December 2022, we implemented the Core Management Mission Development Program for about 200 General Managers of departments, offices, and branches, providing them with opportunities to present their ideas for generating new added value and results. Many of the business ideas that emerged were based on solving social issues. In fact, we're seeing results that include multiple branches partnering with local governments in their jurisdictions to promote SDGs. I feel we're making progress toward fostering a corporate culture in which employees take sustainability into their own hands.

## Orico's Sustainability Management Goals: Message from Head of Corporate Strategy Group

### 3) Inclusion & Diversity That Drives Innovation

As stated in Orico's Sustainability Statement; to create innovation as an organization, it is important to foster diversity and use it as a foundation to amplify various ideas and create new businesses.

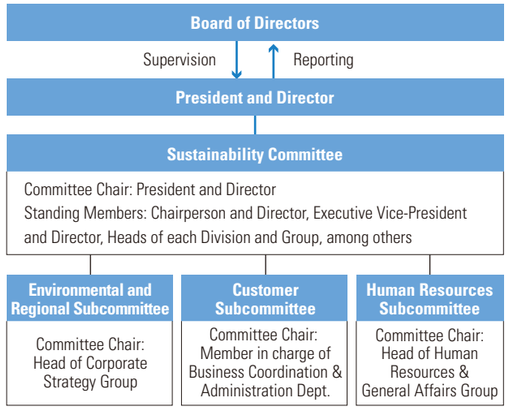
In April 2023, we revised our traditional approach to promoting diversity and newly established the Inclusion and Diversity Basic Policy that focuses on making inclusion a reality. Through these efforts, we aim to build a more inclusive and diverse organizational culture.

To this end, we are also putting effort into promoting the active participation of women, as well as recruiting and utilizing experienced personnel with diverse values and backgrounds. Specifically regarding the participation of women, we have increased the number of female External Directors on the Board of Directors by one. We believe this has laid the groundwork for driving innovation throughout the organization by fostering synergies that emerge when diverse talents come together, exchanging different perspectives and ideas.

However, we recognize that there is still room for improvement in terms of women's empowerment, and we plan to focus on additional initiatives. As one example, we plan to support the growth and active participation of women in a number of aspects, such as by developing female leaders, establishing their career paths, and providing support for life events.

By promoting diversity and inclusion across the entire organization and maximizing each individual's potential, we will facilitate the creation of innovation. Our goal is to be an organization that continues to generate new value by having people with various backgrounds and perspectives stimulate each other and engage in co-creation while respecting each other's ideas.

**Sustainability Governance**




We have built a company-wide governance system centered on the Sustainability Committee chaired by the President and Director. We regularly report on the status of these initiatives to the Board of Directors to enhance the effectiveness of the Board's involvement and supervision.
In addition, within the subcommittees chaired by the Managing Executive Officers, specific initiatives and measures are discussed according to the goals based on the annual activity plans of each subcommittee, and the outcomes are reported to the Sustainability Committee.

### Aiming for the Industry-Leading Level Declared in the Medium-Term Management Plan

In our medium-term management plan, we outlined a transformation of our business portfolio, corporate culture, and approach to a market-in and outside-in perspective along three axes: Green, Digital, and Open Innovation. The industry-leading level we set for fiscal year 2024, the final year of our sustainability management plan, has two aspects. First, we want to ensure that our initiatives are not just self-congratulatory, but are properly evaluated within external frameworks. One indicator of this is evaluations by external ESG agencies. In fiscal year 2023, we responded to the CDP's Climate Change Questionnaire for the first time, receiving a B score, the third highest of eight levels, thus achieving our initial goal a year early. Of course, we're aiming for even higher ratings in the future. We also received an A rating in MSCI's ESG Ratings and were included in the MSCI Nihonkabu ESG Select Leaders Index, as well as being selected for the first time as a constituent of four FTSE indices. While improving external evaluations is not the main goal of our sustainability management, it serves as a compass confirming that we're on the right track, and these high ratings provide further motivation.

The second aspect is whether our entire organization has reached a level where it can practice sustainability at an industry-leading standard. While we've made progress, such as with the Akikatsu Loan service mentioned earlier, I feel we need to put in more effort to raise the level at which more Group employees can implement these practices. Being appreciated by customers and society through our business motivates each individual to work. I believe many employees want our Company to be seen this way, so we must avoid letting up and continue our efforts so that each individual can feel this growth.

Looking at the overall medium-term management plan, our immediate major challenges are transforming our business portfolio and restructuring the installment credit business. Regarding our business portfolio, we've hit a snag with an increase in delinquent loans in our overseas operations, which we saw as a growth area. We're also facing challenges in reaping the benefits of restructuring our installment credit business, so we need to speed up this transformation. From the perspective of our investors, I understand that even if our sustainability management is making steady progress, they won't be satisfied unless our business performance and stock prices follow suit.

While we haven't shown concrete numerical results in our recent performance, I sense that there's steady progress in the right direction in terms of corporate culture, employee mindset, and behavioral changes that are crucial for transforming our business portfolio. This is a test of our determination to persist in executing this management approach by changing employees' thought processes and behavior patterns through sustainability management. While we believe our efforts will bear fruit in the long term, we're currently feeling growing pains as we tackle various immediate challenges. Regardless, we'll make steady progress with each initiative to achieve both social and corporate value.

## Orico's Sustainability Management Goals: The One-Year Mark

**Our 10-year Visions for Our Society and of the Company**

**Vision for Our Society**
A sustainable society in which everyone can realize a fulfilling life

**Vision of the Company**
An innovative and leading company that provides financial services by always being attentive and responsive to our customers, while contributing to solving various social issues

A company that is more than ever recognized by its stakeholders for its significance in society

**Materialities aimed at our visions for our society and of the Company**

- Contributing to Realize a Safe, Secure, and Convenient Cashless Society
- Creating New Customer Experience Value Through the Use of Financial Expertise
- Contributing to Realize a Decarbonized and Circular Society
- Contributing to Sustainable Community Development
- Focusing More on Diversity, Employee-Development, and Work-Style Reforms
- Strengthening Governance

**April 2023**
Formed a business alliance with NICHICON CORPORATION, which manufactures and sells environmentally friendly products

**May 2023**
Announced the complete elimination of involuntary transfers involving relocation (April 2024) and introduction of job posting system (April 2025)

**July 2023**
Utilizing the Orico Sustainability Fund, formed a capital and business alliance with AKIYA KATSUYO Co., Ltd. Additionally, in October, formed a capital and business alliance with Future Inc., a mobility service platform provider

**September 2023**
Started issuing digital C smart Cards in partnership with COSMONET CO., LTD.

**January 2024**
Received the 2023 Nikkei Superior Products and Services Awards: Nikkei Veritas Award for the Akikatsu Loan, promoting the distribution of vacant houses

**February 2024**
Received a B score, the third-highest of the eight-level evaluation, in our first response to the CDP Climate Change 2023 Questionnaire

**March 2024**
Concluded a comprehensive partnership agreement with Funabashi City, Chiba Prefecture

**March 2024**
Fully revamped e-Orico, a dedicated web service for Orico members

**May 2024**
Acquired an "A" rating in the MSCI ESG Ratings in recognition of initiatives thus far.
Additionally, selected for the first time as a constituent of four FTSE indices in June

*The Company has identified specific initiatives and KPIs in conjunction with the medium-term management plan to address social issues through our business activities and to achieve our materiality, as outlined in the following process. By advancing these initiatives, we are striving to generate new businesses that contribute to solving social issues and to drive organizational transformation, thereby achieving a balance between social and corporate value.

| | |
|---|---|
| 1) Identifying Materiality | We identify key issues (materialities) that must be prioritized in order to realize our 10-year visions for our society and the Company |
| 2) Selection of Initiatives | To resolve social issues, we select materiality-related action items from among division/group strategies |
| 3) Analysis of Importance | We map the items based on stakeholder expectations and requests and importance to Orico's strategy, and identify high-priority items |
| 4) Decision on Initiatives | Upon the Sustainability Committee's review and submission of a report to the Board of Directors, the President and Director decides |

For more comprehensive information on sustainability initiatives, please see "Sustainability Management".
https://www.orico.co.jp/en/company/sustainability/management/

Orico × 空き家活用株式会社 AKIYA KATSUYO Co., Ltd. × クラウドローン CrowdLoan

# Shedding Light on the Vacant House Issue! Toward the Sustainable Society We Aim For

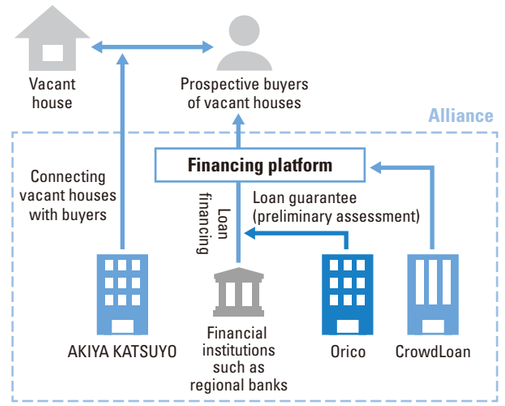



The vacant house problem is growing nationwide due to declining birth rates, an aging population, and a shrinking population. To address this major issue, we launched the Akikatsu Loan, an unsecured consumer loan service, in March 2023. These loans aim to provide comprehensive support, from understanding the actual situation with vacant houses to promoting their use, through a framework developed and operated by the Company and AKIYA KATSUYO Co., Ltd., in collaboration with local governments and regional financial institutions.
It's been about a year and a half since its launch. Mr. Wada, Representative Director and CEO of AKIYA KATSUYO Co., Ltd.; Mr. Murata, Representative Director of CrowdLoan Inc., which provided the UI design framework for loan product sales; and Mr. Kasama, Head of our Financial Institutions Division, discussed the story behind the creation of Akikatsu Loan and its future prospects.

## How Akikatsu Loan Was Born

**Kasama:** Our customers in the Financial Institutions Division are financial institutions across Japan. Among them, regional financial institutions are always thinking of ways to revitalize the local economy and contribute to their regions. They consider this their most pressing issue given the backdrop of population outflow from rural areas to large urban areas and the declining birthrate and aging population.
Additionally, the increase in vacant houses nationwide due to Japan's shrinking population has been recognized as a social issue for many years. However, while no effective solutions have been found, we as a company have been constantly thinking about what we can do to address this social issue. Even before the revision of the Vacant Houses Special Measures Act in 2023, we had been hearing from financial institutions that were concerned about the vacant house issue. One clear characteristic that emerged from these discussions was the fact that regional financial institutions found it difficult to provide loans to people who wanted to buy or renovate vacant houses. We thought that if we could provide guarantees, this might help promote the use of vacant houses in local areas. Since our medium-term management plan clearly stated that we would place sustainability at the core of our management, we thought that by offering traditional personal loan guarantees in a way that addresses regional issues, we could contribute to promoting the utilization of vacant houses, ultimately increasing the population engaged with local communities and revitalizing local economies.
**Wada:** That's absolutely right. Our company has long been engaged in the business of acting as a platform provider for the circulation of vacant houses. However, as of 2023, there are said to be about 9 million vacant houses, and this number is expected to exceed 20 million by 2033 with the ongoing shrinking population. We are approaching an era in which one in three houses will be vacant. The major challenge facing vacant houses in Japan is that, despite there being potential buyers, many people couldn't buy the properties. We wanted to get them into circulation, but couldn't. The main reason for this was the lack of financing. For us, making financing available felt like a mission, but from the perspective of financial institutions, it was difficult to provide loans for vacant houses that didn't have value as collateral, so they tended to hesitate at that point.
**Kasama:** Buildings that become vacant are generally old and fully depreciated, and real estate prices in rural areas are relatively low, so when people want to borrow more than the collateral value, it's understandable that financial institutions are reluctant to grant approval. We thought that if we could step in with guarantees in cases like these, we might be able to support those who wish to renovate or purchase vacant houses. Vacant houses are unlikely to increase in value as properties in the future, but if the number of potential buyers increases, this can lead to an increase in the population engaged with the local community. This aligns with the mission of financial institutions that want to help revitalize regional communities.
**Wada:** In the case of vacant houses, many people want to purchase them not as residences, but for business purposes, such as second homes or vacation rentals, which I felt contributed to making financing difficult. It would be great if we could handle the guarantee business ourselves, but as a startup company, we definitely couldn't borrow from financial institutions. It was when we came up against this barrier that Orico got in contact with us through the inquiry form on our website saying that they were thinking about regional revitalization and wanted to know if there was a way to collaborate. For us, this was a godsend. In our consultation, we shared everything that we had been thinking about, and this then developed into discussions about developing the Akikatsu Loan product.
**Kasama:** From our Company's perspective, we had heard from financial institutions during pre-marketing, so we knew there was a need, and we were certain that end-users interested in purchases existed, so we decided to give it a try.
**Wada:** From our perspective, Orico is a large company listed on the Prime Market. We startup companies operate in a world where time is of the essence, so we were initially concerned that decision-making might take a long time. If we had been told it would take two years, we simply wouldn't have been able to wait that long. However, the product was commercialized in less than a year. We were truly surprised by Orico's speed. While accommodating us, they challenged themselves to create a product at a speed that exceeded even our own and handled decision-making. Thus was Akikatsu Loan born. We were really pleased.
**Kasama:** This is a social issue that no financial institution or local government can ignore, so as a company, we must take it seriously. By leveraging external expertise through vacant house utilization, CrowdLoan, and so on, we have been working to provide solutions by making the most of our Company's network.
**Murata:** Our company was initially contacted by Orico's Financial Institutions Business Administration Department in May 2020, and we started collaborating on pre-screening in July 2021. While it took some time to set up due to regulatory requirements and coordination with financial institutions, like Mr. Wada, I was very impressed by Orico's speed. Partway through, we were also given information about Akikatsu Loan, and since there was a demand for loans from the banks as well, we incorporated it from that point forward, which led to where we are now.
**Kasama:** To meet the diverse needs of end-users, we asked Mr. Wada to make some adjustments to the points of entry, such as with Akikatsu Navi. I think we managed to launch the service through rapid collaboration.

### Akikatsu Loan Diagram




## The Social Significance of the Akikatsu Project

**Kasama:** Indeed, leaving houses vacant presents nothing but disadvantages. In the event of a disaster, poorly managed vacant houses can cause water blockages, become obstacles during evacuation, and sometimes even serve as hiding places for criminals. For local residents, neglecting vacant houses has nothing but negative effects. Thus, preventing the increase of vacant houses is itself socially significant and contributes to the community. Recently, the needs of buyers have diversified considerably. With the spread of remote work during the COVID-19 pandemic, there's a growing trend of people wanting to be based in rural areas for dual-location living. And with the

## Orico's Sustainability Management Goals: Shedding Light on the Vacant House Issue! Toward the Sustainable Society We Aim For

revival of inbound tourism, there's an increase in those considering business uses such as vacation rentals to address the shortage of accommodation options.

**Wada:** If we only think of vacant houses as places to live, there are indeed limitations. When people move into vacant houses, the houses they leave behind become vacant, so I've long thought that to solve the vacant house problem in a region, we need to spread the concept of having multiple residential bases in which one person utilizes multiple properties in a "1 to n" relationship. We had identified quantitatively that there were people who potentially desired lifestyles and work styles characterized by more freedom, but with the sudden change brought about by the COVID-19 pandemic, it became easier to move forward. That being said, if the frequency of travel between multiple bases decreases after purchase, the properties can become a burden to maintain, such as with old vacation homes that you have to clean every time you visit. If the possibility of using these properties for business purposes from the perspective of the sharing economy ever arises, such as vacation rentals or rental spaces, this could increase the purchaser's income and have a socially significant impact.

**Murata:** Actually, loans for vacant houses had been commercialized by some regional financial institutions since as early as 2015. However, due to a lack of promotion, they weren't reaching potential buyers, which presented another challenge for regional financial institutions. The Akikatsu Project is helping to address these issues for financial institutions. Moreover, by including business uses such as vacation rentals, rental businesses, cafes, and retail spaces, while of course requiring recognition of the credit risks involved, I think we've been able to expand the options for potential buyers by broadening the range of uses.

**Kasama:** Traditionally, I think end-users considered borrowing money primarily from the financial institutions they had relationships with. It's significant that CrowdLoan has switched to the opposite concept, presenting multiple financial institutions offering the same product and allowing end-users to choose. With regard to business use, the variety of options available, such as leaving what constitutes business use open and using the property for vacation rentals only when not using it personally, are also encouraging potential buyers to take action. We want to continue responding as quickly as possible to the financing needs that have become apparent since we started taking action on vacant houses and keep improving the Akikatsu Loan product. Our network with companies interested in mechanisms for solving regional issues is expanding as well, and we'd like to channel this into new value creation.

**Wada:** That's right. Of the current 9 million vacant houses, about 5 million are in circulation. However we also want to bring properties that are not yet in circulation but could be used for business purposes into circulation as well.




Company Name: CrowdLoan, Inc.
Established: July 2018
Business Overview: Operation of CrowdLoan, a loan matching platform




Company Name: AKIYA KATSUYO Co., Ltd.
Established: August 2014
Business Overview: Building a system for recirculating vacant houses into the market
Developing and operating a portal system connecting vacant house owners with users
Developing and proposing new utilization models for vacant houses

### The Benefits of Partnering with Orico

**Wada:** Considering that Orico, now a Prime Market-listed company, was once a startup, they are a major mentor to our company. Learning from this mentor about how to structure businesses and creating business plans is contributing to our growth as well. As we look toward addressing the vacant house issue, one of our company's goals is to obtain an IPO, but I'm very grateful that by teaming up with Orico, we've been able to achieve a number of initiatives more rapidly. I believe this capital and business alliance is an irreplaceable opportunity for our company to strengthen our business by involving other large companies.

**Murata:** I completely agree. Our company had been developing partnerships with financial institutions one by one on its own, but having Orico introduce us to retail and payment areas that we previously had no access to has been enormously helpful in advancing our business. With a mindset as if we are a CrowdLoan section of Orico's Financial Institutions Business Administration Department, we are working together to develop partnerships with financial institutions. I think this is also significant in terms of expanding the choices presented to end-users.

**Wada:** Other startup companies have asked me to introduce them to Orico, and I've been doing so. For startups operating in niche areas that large companies can't reach, financing is becoming a bottleneck for them in many cases. Of course, I don't think it's possible to accommodate everyone, but whenever I make introductions, Orico receives them with open arms and is willing to extend a hand to entrepreneurs who want to work together to solve social issues. I want to create a future where entrepreneurs can succeed alongside Orico.

**Kasama:** Thank you very much. If the relationships we have developed through the over 40 years of our bank loan guarantee business with more than 560 financial institutions nationwide can be of assistance, that would make us happy. I believe that supporting startup companies is an important theme for strengthening the Japanese economy as well. Financial institutions face the dilemma of not being able to lend without collateral, just like with vacant houses. Additionally, most startup companies are in the red and don't possess collateral. While there is support from venture capital, recently there has also been a strong demand for debt, so we're offering loan guarantees for startup companies as well. Regarding the Akikatsu Project, different needs are emerging in the context of inbound demand in the aftermath of the COVID-19 pandemic. The main players in revitalizing regions are local governments and regional financial institutions, so we hope to provide solutions by supporting areas where they are experiencing difficulties.

### Achieving Additional Value Creation in the Future

**Wada:** Up until now, our company has built a platform to facilitate the distribution and utilization of vacant houses, expanding the foundation for addressing the root of the vacant house issue. When it comes to this market, estimated to be worth 10 to 20 trillion yen, and such a major social issue, a private company like us can only address a small part on its own. We need to collaborate with various businesses, coexisting and thriving together, to tackle this issue collectively. With this in mind, we aim to set an IPO as a future milestone, grow our company, expand our partnerships, and help create an appealing society that makes the next generation happy by enhancing Japan's land value via community development through business activities that address the vacant house issue. Looking even further ahead, since the vacant house issue exists globally, including in countries such as South Korea and the US, we may eventually see opportunities for overseas expansion based on the business model we've developed in Japan as a country facing advanced challenges. At its core, the vacant house issue is a population issue. By developing new real estate matching methods and addressing the vacant house issue alongside other social issues such as overtourism and challenges faced by foreign nationals, single mothers, and elderly individuals living alone, we should be able to solve many issues simultaneously. We also want to explore ways to solve problems by collaborating with multiple departments in local governments.




**Murata:** For the Akikatsu Project, while providing behind-the-scenes infrastructure, we want to increase options like lending limits and low-interest products so that Akikatsu Loans become the go-to term for vacant house loans. With regard to real estate utilization, including vacant houses, business uses are expanding beyond private lodgings. While broadening our partnerships with financial institutions, we want to strongly support the business fund matching we're currently planning. At the same time, we hope to encourage behavioral changes so consumers can borrow wisely.
I believe that if the principles of competition extend to processing speed as well as interest rates, having a seamless lending process will turn into a competitive advantage and boost financial institutions' digital transformation. Having Orico as a partner has allowed us to build relationships with a number of financial institutions, enabling us to make approaches for a diverse array of interest rate conditions and niche loans from multiple banks. We will continue to support our customers in achieving their economic dreams and goals through our lending platform.

**Kasama:** Our Financial Institutions Division isn't solely focused on vacant houses. While the Akikatsu Loan has indeed created lending demand, if we think about the future decline in Japan's working population, there's still plenty of room for our guarantees to help groups that typically struggle with loan approvals, such as foreign nationals, single mothers, and elderly individuals living alone. We will keep working to solve regional and national issues while also considering support through public systems.

# Orico's Human Resources Strategy and Human Capital Management



## Aiming for a Relationship Where We Align with Our Employees and Grow Together

Managing Executive Officer
Head of Human Resources & General Affairs Group
Hideyuki Matsuoka

## Message from Head of Human Resources & General Affairs Group

### Creating an Organization Where Everyone Can Flourish in Their Own Way

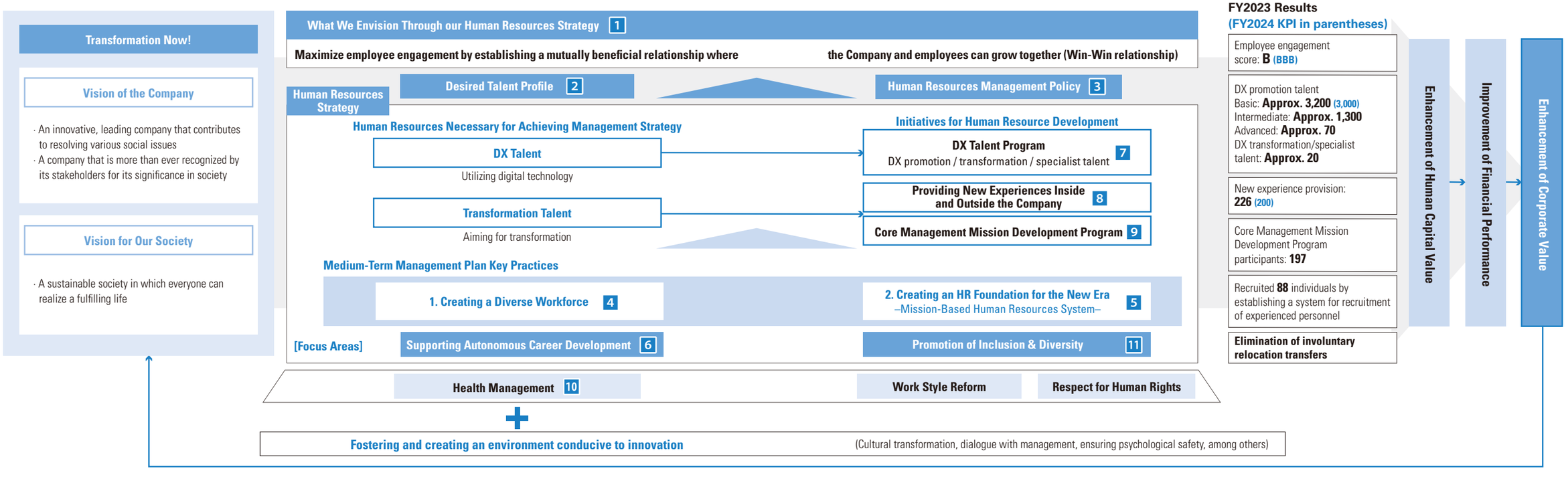
In a rapidly changing society and environment, there is an increasing need to transform business through flexible thinking that is not bound by the past. Employees are the driving force that creates this value and the assets that support sustainable growth. In an era marked by diversifying values and lifestyles among the working population, we believe it is essential for the Company to align closely with each and every employee.
My mission is to create an environment in which each employee can demonstrate their full potential by building a relationship that enables the Company and employees to grow together. This will create an organization in which all employees feel a sense of purpose and desire for growth through their work, as well as one where they can thrive by being true to themselves.

## Human Capital Management Linked to Business Strategy

At the Company, we view human capital management as encompassing not only areas related to human resources, but other activities as well. We consider initiatives covering both investments in employee skills and capability development—including education and training support to help them acquire abilities they can use to transform existing businesses and create new value, as well as environment development and the creation of a structure to allow employees to demonstrate their abilities to the fullest and facilitate innovation—to be important elements of our growth strategy.
To help achieve our visions for our society and of the Company as we look toward 2030, we have established a "desired talent profile" that describes what we expect along with a Human Resources Management Policy that encapsulates our promises to our employees. We aim to build a win-win relationship that allows the Company and employees to grow together by maximizing employee engagement. At the same time, we are working to enhance the value of human capital by defining the human resources we need to achieve our management strategy and preparing unique training programs.

## Two Key Initiatives of Our Human Resources Strategy

Supporting the autonomous career development of employees and promoting inclusion and diversity are the key areas of focus in our human resources strategy. Until now, employees have had limited opportunities to take charge of their own career development, so creating a culture of autonomous career development is a big challenge. However, upon realizing that the traditional company-led employee transfers and assignments were reaching their limit, we began by eliminating involuntary transfers involving relocation. To enable each employee to achieve the career they desire, we will transition to a job posting system in April 2025, thereby establishing a system that makes it easier to take on challenges. We will gradually launch initiatives that encourage employees to take voluntary action, as well as provide various forms of support so that each and every employee can learn autonomously and take on challenges for their future careers.
With regard to diversity, we have been implementing a variety of initiatives focused on women's empowerment since 2014. However, we have reconsidered the purpose of diversity and incorporated the concept of inclusion, emphasizing the creation of an environment where employees with different values can leverage their individual strengths and demonstrate their abilities, rather than just aiming for diversity alone. Through the establishment of a new basic policy and naming it with the ultimate goal of inclusion at the forefront, we are communicating its importance both inside and outside the Company and helping inclusion to permeate the organization.



## Human Resources Strategy

At the core of our human resources strategy is the concept of transforming the relationship between the Company and its employees into a mutually chosen partnership. To make this a reality, we have identified the following 11 key areas of necessary change and established a Human Resources Vision Statement. To achieve this, we have set forth a Human Resources Basic Policy consisting of two main components: a desired talent profile that evolves Orico's essential characteristics in a forward-looking manner, and a Human Resources Management Policy that underscores the Company's commitment to supporting and encouraging new ways of thinking and acting.

### Direction of Our Human Resources Strategy

| | | | |
|---|---|---|---|
| Relationship between Company and Employees | Mutually chosen (Win-Win relationship) | Management | Transformation & leadership |
| Expectations from Employees | Alignment with Company / diverse value | Assignment & Promotion | Skills (Rational) |
| Philosophy on Employment | Free to come and go | Personnel Evaluation | Multifaceted |
| Talent Acquisition | Available whenever needed, regardless of work style or whether in-house or off-site | Compensation | Jobs as the standard |
| Career Development | Employee-driven | Work Styles | Flexible & diverse |
| Training | Autonomous learning / Company support | | |

### Human Resources Basic Policy

| | |
|---|---|
| **Human Resource Vision Statement** | We respect each employee's commitment to enhancing their own value.<br>We also strive to create an engaging and vibrant work environment where they can achieve self-fulfillment through their work. |
| **1 What We Envision Through our Human Resources Strategy** | **Maximize employee engagement by establishing a mutually beneficial relationship where the Company and employees can grow together (Win-Win relationship)**<br>Learn, challenge and grow self-directed, making the most of one's strength and abilities — **Employees** **Win-Win** **Company** — Realizing our visions for our society and of the Company through the growth and success of our employees |
| **2 Desired Talent Profile** | **1. Proactiveness** Taking initiative and thinking for oneself, rather than relying on others for instructions<br>**2. Willingness to take on challenges** Fearlessly taking on new endeavors and not being afraid of failure<br>**3. Analytical thinking** Considering the "why" before the "what" in decision-making<br>**4. Passion** Approaching tasks with a strong passion that also inspires others<br>**5. Curiosity and ambition** Not settling but continuously seeking improvement, always striving to move forward<br>**6. Open-mindedness and eagerness** Respecting diverse opinions and values, using them for personal growth<br>**7. Integrity and nobility** Engaging with sincerity, upholding high ethical standards, and demonstrating a sense of responsibility throughout |
| **3 Human Resources Management Policy** | **1. Emphasize Individuality and Nurture Diversity:** Value the individuality of each employee to foster diversity throughout the Company.<br>**2. Provide Opportunities for Self-Growth and Support Autonomous Career Development:** Encourage proactive actions from employees to enhance overall organizational vitality, leading to high performance and increased productivity.<br>**3. Evaluate and Treat Fairly, with Objectivity and Transparency:** Properly evaluate and treat employees based on their efforts and contributions, hence promoting changes in thinking and behavior.<br>**4. Develop Leaders to Drive Change and Unite Diverse Talents:** Cultivate leaders who can lead transformation in an ever-changing environment and practice inclusive management that leverages diversity.<br>**5. Ensure Psychological Safety and Create a Vibrant Work Environment:** Establish an environment of psychological safety where employees can freely express their opinions, increasing productivity and reforming management practices. |

We have set the following two areas as key priorities to maximize employee engagement.

### 1 Creating a Diverse Workforce 4

**Becoming an organization where individuals with unique qualities can thrive**

To transition the relationship between the Company and its employees into one characterized by a mutually chosen (Win-Win) partnership, it is crucial to leverage individual characteristics more effectively. We are committed to enhancing career support that motivates each individual to grow and develop their strengths, including providing opportunities for skill development and career-related challenges; accelerating the promotion of executives from various backgrounds, including women, and with various personalities; and focusing on the acquisition, development, and promotion of specialized talents essential to creating new business.

### 2 Creating an HR Foundation for the New Era 5

**To a system and operation of evaluation, treatment, and training employees appropriate for the future Orico**

We are fundamentally transforming the Company's human resources system and structure. The Company will help each and every employee develop a career aligned with their individual life plans. Additionally, key areas of focus will include transitioning from age and skill-based criteria to a new human resources approach centered around work and missions, reassessing evaluation criteria in line with our desired talent profile, introducing multifaceted evaluations to increase objectivity, and actively engaging in the development of core talent to lead future generations. As a foundation for these measures, we will continue to invest in health management, ensuring that our employees maintain both physical and mental well-being and can fully leverage their capabilities on the job while enjoying a vibrant life both personally and professionally.

### Introducing a Mission-Based Human Resources System

A mission is a concept that focuses on the "why" rather than the "what". It is based on the idea of viewing work not as mere tasks, but emphasizing what value your work provides to the world and society. The Company has introduced a new human resources system based on the concept of three pillars centered on missions.

### Mission-Based Human Resources System

**Becoming a Company Where All Orico Employees Can Flourish in Their Own Unique Way Through Their Work**

| | | |
|---|---|---|
| **Supporting Autonomous Career Development** | | **Ability to take on any job in line with one's aspirations, growth, and life stage** |
| | **Mission-Based Human Resources System** | **Working while feeling a sense of value and meaning in one's work, and being treated fairly** |
| | **Creating an Environment That's Easy to Work in** | **Ability to work long-term with peace of mind** |

### Message from the Human Resources Planning Staff

I am primarily responsible for planning human resource systems. As part of our efforts to establish an HR platform and review evaluation criteria to build an HR foundation for a new era, we revised our human resources system for the first time in 10 years. This shift moved us from a traditional seniority- and job skill-based approach to a work- and mission-centered personnel system. We held multiple discussions to figure out how all employees working at our Company could be even more motivated in their work, regardless of their values or lifestyles, using employee feedback as a reference. We began gradually rolling out this system starting in April 2023. However, revising the system does not mark the end of our efforts. To make our Company a place where people, including myself, want to work long-term with a sense of pride as members of Orico, I want to review and think about our systems flexibly in line with societal changes, without being bound by the past.



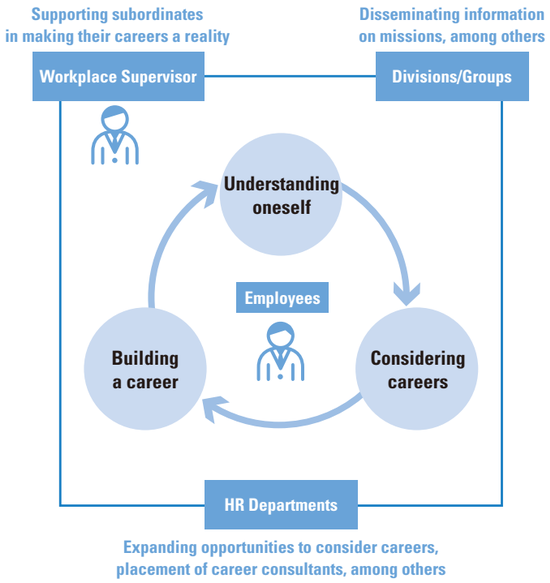
Human Resources Planning Team,
Talent Planning & Management Dept.
Go Arai

## Supporting Autonomous Career Development 6

Amid intense environmental changes and the advent of the 100-year life era, values with regard to careers and work styles are diversifying. We define "autonomous career development" as employees taking ownership of their career decisions and determining their own direction in their work and life in the future. We are implementing a variety of initiatives to create a system in which each individual can grow while feeling satisfied with their job.
As an initial step, in fiscal year 2023, we invited experts to help General Managers of departments, offices, and branches, as well as Group company presidents, to understand how to approach their subordinates' careers. Subsequently, to enable employees to take their first steps in developing their careers and take action, supervisors conducted career interviews with about 3,000 subordinates. As a result, 75% of employees responded that they had a clearer understanding of the skills they needed to develop. These efforts were recognized and we received an excellence award at the Career Ownership Management AWARD 2024, which honors companies making efforts toward career ownership management to achieve sustainable growth for individuals and organizations. We will continue our company-wide efforts to ensure that each employee has ample opportunities to engage with their career.

### Overall Picture

**The workplace supervisor, division/group, and HR departments work together as a triad to support employees' career development**




### Message from Career Consultant

The concept of autonomous career development is highly significant. By reflecting on their own career paths, employees can engage in work based on their abilities and interests, which in turn leads to increased motivation and performance, creating a virtuous cycle. Moreover, employees aiming for self-growth tend to proactively continue learning on their own, which naturally enhances the organization's competitiveness. As part of the Company's career development support, we established a Career Consultation Office in April 2024 where employees can receive advice and support from in-house career consultants. Our employees have only recently begun to seriously engage with their careers, and we believe our role is extremely important. We are committed to supporting each and every employee in taking steps toward developing their career.



Career Consultant,
Career Design &
Development Promotion Dept.
Yoko Takahashi

## Initiatives for Developing DX Talent 7

We have implemented our own DX human resource development program to develop human resources who are passionate about providing value to customers through the use of digital technology, an essential element in the promotion of our business strategy. Approximately 3,200 employees have completed the basic program, which covers essential digital knowledge and core business skills for all staff. We also encourage participation in more advanced programs for specialized knowledge and skills, as well as practical training for business transformation.
Moving forward, we believe it's crucial to apply the knowledge and skills acquired in day-to-day operations. Our HR departments will work closely with various divisions and Groups to create an environment where employees can thrive as DX professionals.

As of March 31, 2024

| | Learning areas | Completion status |
|---|---|---|
| **Advanced Program** | Practical skills (business transformation) | About 70 people |
| **Intermediate Program** | Specialized knowledge and skills (digital/business) | About 1,300 people |
| **Basic Program** | Basic knowledge and skills (digital/business core) | About 3,200 people |



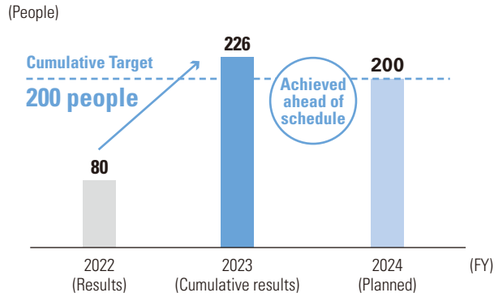
## Expanding Internal and External Work Opportunities to Meet Each Employee's Desire for Challenge 8

To expand support for the autonomous career development of each individual, we have been actively promoting a range of initiatives, including offering opportunities for challenges that contribute to personal growth. In addition to our internal recruitment system, which targets managerial positions in sales branches such as General Managers, Deputy General Managers, and Senior Managers, as well as all departments at our head office, we have also started offering external employment opportunities to give employees more chances to challenge themselves. These opportunities range from domestic and overseas trainee programs to temporary assignments or side jobs at digital and startup companies. We launched full-scale initiatives in fiscal year 2022. In fiscal year 2023, as a result of our efforts to provide opportunities for employees to face their own careers through training and interviews, the number of employees practicing autonomous career development has gradually increased. Many employees are applying for a number of systems, which indicates that a culture of taking on challenges is steadily being cultivated. In fiscal year 2023, the number of employees utilizing these systems increased significantly, reaching a cumulative total of 226 people. We thus achieved our three-year goal one year ahead of schedule. We will accelerate this trend in fiscal year 2024, with "autonomous careers" serving as the key theme.

■ **Number of People Doing External Side Jobs / Utilizing Internal Job Postings (Target for fiscal year 2024 is based on the cumulative number of participants since fiscal year 2022)**

Breakdown of Participants (Cumulative total)
Domestic trainees: 22
Overseas trainees: 4
Rental transfers*: 8
External side jobs: 61
Internal job postings, among others: 131

*A system that supports career growth by enabling a six-month transfer to a company in a different industry, allowing to acquire external knowledge and to develop external network.




## Core Management Mission Development Program for Promoting Mindset and Behavioral Change 9

In December 2022, we launched the Core Management Mission Development Program that promotes mindset and behavioral change necessary for change leaders to be a driving force for innovative, advanced companies. 197 department, office, and branch heads participated. The initiative was based on four key points, with each participant aiming to break through their own barriers and establish higher-level awareness and behavioral patterns based on the desired talent profile and the Orico Group Code, which serves as the benchmark for socially responsible actions. In the program, with executives serving as mentors, each participant set themes such as "becoming an expert in their field" or "creating new added value". Rather than relying on existing knowledge and experience, participants engaged in fieldwork and networking to create new connections, to acquire a mindset and behavioral pattern characterized by continuous proactive learning and taking on challenges. We will continue to implement this program while expanding the range of participants, with the aim of transforming our corporate culture and having it permeate throughout the organization.

**Four Points for Promoting Mindset and Behavior Change**

**Behavioral patterns that create results**
Do not merely achieve the goals given to you, but create new value as you work toward accomplishing your own mission.

**Development of curiosity and imagination**
Walk through the neighborhood with a critical eye. Make new connections. (Networking & Inclusion)

**Taking the initiative to "just do it"**
Foster a "Just do it, then adjust as you go" mindset and drive.

**Global-oriented thinking**
Stay attuned to what's happening around the world and make it a habit to start by viewing things from a global perspective.

**Goal**

Acquiring a mindset and behavioral pattern that characterized by continuous learning and taking on challenges

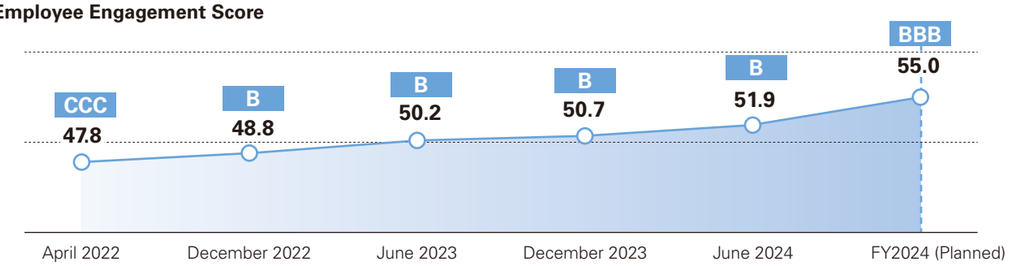
## New Job Postings: Choose Your Workplace and Challenge Yourself with Desired Roles

As views on job transfers are changing, in an effort to respect work styles that match individual values and stages of life, we will completely eliminate involuntary relocations for job transfers starting in April 2024. For personnel transfers, we will consider not only the details of the job, but also employees' preferences for where they want to work. Additionally, rather than entrusting career development entirely to the Company and having employees accept transfers and relocations just to follow orders, we plan to introduce a "job posting" system in April 2025. This mechanism will allow all employees to take on any role through autonomous career development in an environment of healthy competition, thus enabling them to thrive in their own unique way. After this system is introduced, employees will be able to select their desired positions and job types on their own. Human Resources departments will then make transfer and assignment decisions that lead to growth opportunities while taking into account each employee's career aspirations.

## Creating an Organization Utilizing the Employee Engagement Survey 1

As a cornerstone of our human resources strategy, we overhauled the traditional employee satisfaction survey and have held an Employee Engagement Survey twice a year since April 2022. By taking a company-wide approach while having General Managers proactively communicate with their staff to address specific workplace issues, we have steadily improved our employee engagement score, rising a full rank from "CCC" to "B" in the span of two years.
We will continue to undertake various initiatives to bridge the gap in perceptions and understanding among employees. This will include hosting talk sessions between the President and employees, offering opportunities for peer interaction, and fostering employee growth through career discussions with supervisors. Our aim is to achieve a BBB rating by the end of fiscal year 2024.

■ **Employee Engagement Score**




*11 ranks (AAA to DD)

### Introducing the Shizuoka Branch's Initiatives

#### Discussing Significance and Meaning, and Becoming an Organization Where Engagement Is the Norm

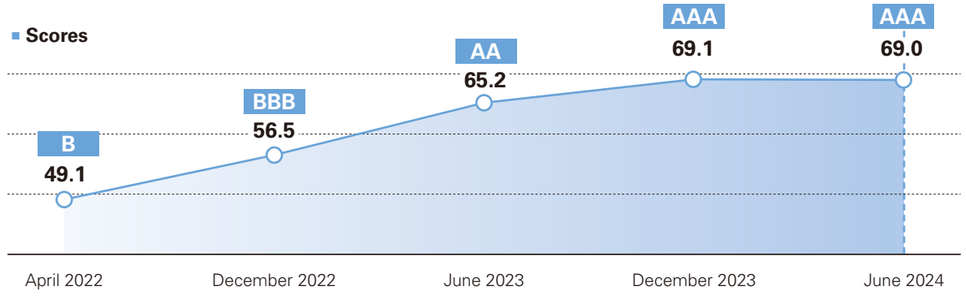
When we first started activities to improve engagement, the reaction was "How is this going to change anything?" There was a tendency for people to work individually, making it more of a solo effort than teamwork, with everyone feeling overwhelmed by their own tasks under the pressure of work.
So I kept explaining to team members in my own words why increasing engagement matters, and I made sure we all set challenges and action plans together. As a result, we saw more spontaneous input and bottom-up suggestions, daily check-ins and a sense of unity emerged, and our engagement score improved significantly.
All members now approach their everyday tasks with the shared goal of creating a great branch.



General Manager of Shizuoka Branch (currently General Manager of Hachioji Branch)
Yasuhiro Inotsume

**Point**
- Always be mindful of fostering psychological safety in daily interactions when involving team members
- Continuously express in your own words why engagement is important

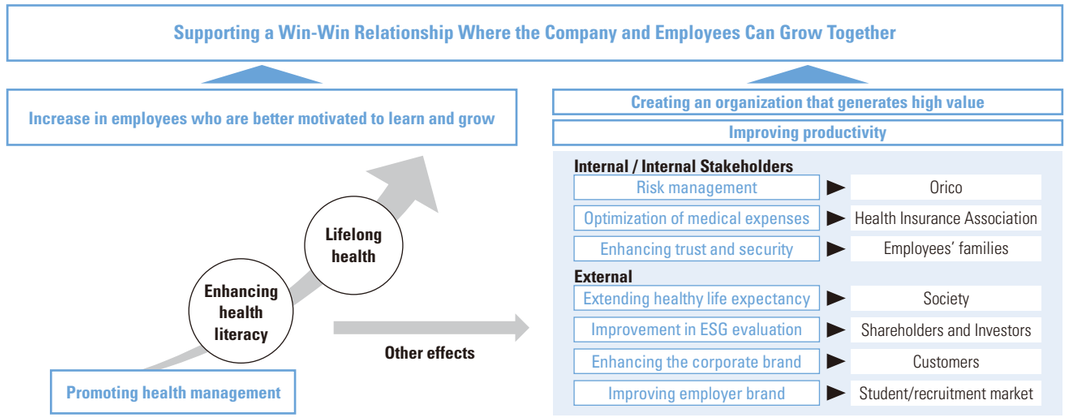
Shizuoka Branch Performance (Score) **B → AAA (an increase of five ranks)**




## Health Management for Employees to Work Healthily and Energetically 10

We regard health management as an essential element of our human resources strategy. To reinforce this, we revised our previous health declaration and action guidelines and established the Health Management Basic Policy in September 2023. We also formulate an action plan every year to actively enhance employees' health literacy and to maintain and promote their physical and mental health. Through these efforts, we aim to increase the number of employees who are motivated to learn and grow, thereby creating an organization that generates high value and improves productivity. We hold monthly meetings with the industrial physician team and health insurance association, collaborating closely to foster an organizational culture that prioritizes health by planning and implementing various measures based on data analysis. This will help build a stronger win-win relationship between the Company and its employees.

### Significance and Purpose of Health Management Initiatives




In addition to health management indicators such as presenteeism and absenteeism scores, we have established KPIs to measure employees' health literacy levels on a continuous basis. We have also adopted POS (Perceived Organizational Support), which assesses how employees perceive the Company's support and intangible resources accumulated through health management, as an evaluation metric.

| | 2022 | 2023 (FY) |
|---|---|---|
| Presenteeism Score | 16.9% | 19.4% |
| POS Score | 64.2% | 66.8% |

| | 2022 | 2023 (FY) |
|---|---|---|
| Absenteeism Score | 1.6 days | 1.7 days |
| Health Literacy Score | — | 60.5% |

Definitions of each metric are available on the Company's website.

#### Message from Chief Industrial Physician Dr. Yuichi Kobayashi

Our goal as the industrial physician and health nurse team is to extend the healthy life expectancy of employees through health management. In this era of 100-year lifespans, the importance of healthy life expectancy is increasing. As health professionals, we will promote health management initiatives in collaboration with top management, the Human Resources & General Affairs Group, and the Health Insurance Association to help everyone lead active lives even after retirement. Starting in fiscal year 2024, industrial physicians and health nurses will be stationed at the head office, and we will support your health while communicating with relevant parties even more than before.



Industrial Physician Team Members
*Dr. Kobayashi is second from the right.

For more comprehensive information on health management initiatives, please see "Health Management Initiatives".
https://www.orico.co.jp/en/company/corporate/efforts/healthmanagement/

# Promoting Inclusion & Diversity with Inclusion as a Driving Force for Transformation 11

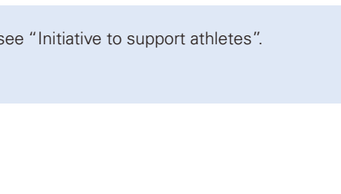
The Company has formulated the "Inclusion and Diversity Basic Policy" to promote diversity even more strongly in fiscal year 2023. We recognize that accepting and leveraging the diverse thoughts, perspectives, and values of each and every employee will enhance employee engagement, increase competitiveness of the Company, and ultimately enhance corporate value. Our promotion of inclusion and diversity is not just merely a response to society demands; we view it as an essential strategic initiative for developing new customer-centric products and creating added value in services, and a necessary strategy for enhancing corporate value.
We believe that diversity truly demonstrates its value only when inclusion is achieved—that is, when diverse talent within the Company can express their individuality, generate innovation through free thinking, and enhance our competitiveness. With this in mind, we are promoting inclusion and diversity by making inclusion a driving force for transformation. Moreover, we are committed to cultivating an inclusive work environment for all, including sexual minorities such as members of the LGBTQ+ community, by offering support for child-rearing, fertility treatments, and other work-life balance measures.

## Active Participation of a Diverse Workforce

### Strengthening Experienced Personnel Recruitment

We have been placing more effort into hiring experienced personnel since April 2022, hiring 55 individuals in fiscal year 2022 and 88 in fiscal year 2023. As a result, the percentage of experienced personnel among full-time employee recruits has significantly increased, rising from 13% in fiscal year 2021 to 48% over the past two years. Additionally, with the expansion of overseas business, we are also strengthening the hiring of foreign nationals across the entire Group. We will continue to work toward enabling employees to perform actively as core human resources regardless of their nationality or when they join the Company.

■ Number of Hires and Percentage of Experienced Personnel




| FY | Percentage |
|---|---|
| 2021 | 13% |
| 2022 | 35% |
| 2023 | 48% |

### Hiring Athlete Employees

In fiscal year 2023, we hired three new athlete employees, and the Orico Track and Field Team launched activities under a new structure of six top athletes who show promise for achieving additional success in the future. We aim to enhance corporate vitality by fostering a sense of unity through all employees supporting athlete employees who challenge themselves to reach the top. Alongside training for competitions, these athletes are contributing as Orico employees by planning and organizing in-house events aimed at promoting health leveraging their athletic knowledge, as well as disseminating information to revitalize internal communications.



From left:
Hitomi Katsuyama (Hammer Throw),
Mariko Morimoto (Triple Jump),
Yu Minemura (Long Jump),
Ryoya Moriguchi (Decathlon / 110 Metres Hurdles),
Shigeyuki Maisawa (Discus Throw),
Shoto Uno (100m/200m)

In-house "Let's Exercise" event



For more comprehensive information on athlete employees, please see "Initiative to support athletes".
https://www.orico.co.jp/en/company/corporate/efforts/athlete/

### LGBTQ+ Initiatives

We conduct training to deepen all employees' understanding of the LGBTQ+ community, provide accurate knowledge, and enable them to comport themselves without discrimination or prejudice based on sexual orientation or gender identity. We are also working to create a comfortable working environment for everyone by including same-sex spouses as family members in our personnel system and allowing the use of preferred names based on self-identified gender. Additionally, we are expanding the circle of allies through activities such as participation in the Tokyo Rainbow Pride Parade and the implementation of various initiatives aimed at becoming an LGBTQ+-friendly company. These efforts have earned us recognition, and we were awarded Gold, the highest rating, for the fifth consecutive year in the PRIDE Index 2023.

■ Participating in the Tokyo Rainbow Pride Parade



## Creating a Group of Diverse Talents: Introducing Employees Who Thrive by Leveraging Their Individuality

### Active Participation of a Diverse Workforce

I joined as a national staff member in 2019. Currently, as a manager, I am mainly responsible for team operations in credit management and customer service. Although there are challenges due to linguistic and cultural differences between Japan and the Philippines, I consider cooperation, transparency and sincerity as the keys to success, and I prioritize communication with team members while carrying out my duties. Going forward, I aim to improve customer satisfaction even further.



Orico Auto Finance Philippines Inc.
Michael Lawrence Acosta Rosario

### Opportunities for Diverse Personnel to Challenge Themselves

I lost my right hand in an accident as a child and have lived with this disability since. After joining Orico, I experienced many successes and failures, grew, and aimed to advance my career further, eventually becoming a General Manager at a sales branch. The Company has an environment that provides opportunities for a diverse array of employees to take on challenges. Going forward, I will continue to take on the challenge of creating new businesses by leveraging the experience and network I have cultivated thus far.

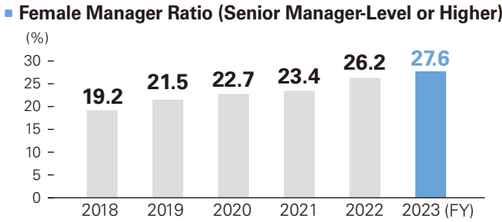


General Manager of Kurume Branch
Masakazu Mikuriya

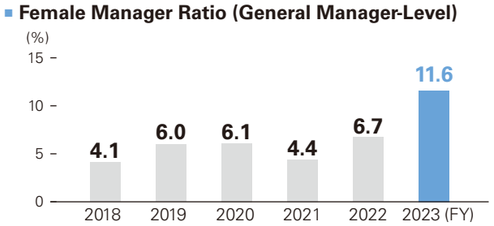
## Initiatives for Promoting Women to Management Positions

To drive the Company's development even further, we recognize the need to expand the spheres of activity for our diverse workforce more than ever and enable them to fully unleash their potential. We provide opportunities to help female managers envision their future roles, including training for female managers that aims to strengthen their leadership skills, as well as the establishment of networks such as the Orico Women's Network, where female managers can share concerns and experiences unique to their positions. As a result of these efforts, in fiscal year 2023, the percentage of female managers was 27.6% for the Senior Manager-level and above, and 11.6% for General Manager-level. Moving forward, we will provide support for further promotions and active participation in the workplace by collaborating with each division/Group and Human Resources departments to develop individual development plans for potential candidates for female executives and female General Managers, all while taking their career aspirations into consideration.

■ Female Manager Ratio (Senior Manager-Level or Higher)




■ Female Manager Ratio (General Manager-Level)






# Cultivating "Female Managers That You Want to Be", Working While Valuing Their Authentic Selves

While over half of our employees are women, the percentage of women who are General Managers or the equivalent is low. What is needed to address this issue? External Director Nishino and three female General Managers discussed solutions.

## Need for a System That Allows Managers to Thrive in the Workplace

**Kondo:** Whenever I participate in various Company meetings, it feels like there aren't many female General Managers of departments, offices, and branches at our Company. I've gotten the impression that the number of female Senior Managers has increased, but when it comes to higher positions, such as General Manager of a department, office, or branch, the number suddenly drops. That's the current situation.

**Sato:** There are differences in the number of female managers depending on the division or group as well. In the Operation Group where I belong, about 80% of employees are women, and there are many more female General Managers and Deputy General Managers compared to other groups. In addition, since subordinates rely on people with experience, many people are promoted to managerial positions via internal promotions. This might foster an environment that makes it easier to become a manager. I also think that the momentum to increase the number of female managers contributes to this. In fact, I became a Senior Manager during the period when these supportive efforts were underway, and the path to becoming a Senior Manager was clearly defined, with ample training opportunities.

**Kondo:** It's no longer unusual for women to become Senior Managers, and I feel that the number is increasing onsite as well. That being said, we're still only halfway there with regard to promotions to the General Manager-level positions. I believe we need to reconsider specific measures on how to increase the number of female General Managers.

**Sato:** I used to think that I wasn't expected to pursue a career beyond Senior Manager, and I couldn't imagine myself becoming a Deputy General Manager or General Manager.

**Nishida:** When I became a Senior Manager, I thought about advancing to Deputy General Manager and eventually to General Manager positions.

**Sato:** I don't think there were any female General Managers in sales departments. Weren't you anxious?

**Nishida:** I didn't feel anxious because I had never considered gender when it came to work. I had already decided to aim higher when I became a Senior Manager.

**Kondo:** Is there any barrier that prevents female employees who want to work in sales from trying to become General Manager positions?

**Nishida:** I think the main reasons are that there are few women to begin with, and that there's the perception that the Senior Managers currently around them are having a difficult time. There's also the fact that with no female managers around you, it's hard to imagine yourself in a leadership position. Efforts are currently being made to facilitate career formation without separating nationwide and region-based assignments, but I think the fact that your options are limited within region-based assignments even if you want to aim higher or try different jobs poses a major barrier. Now that DX is advancing, I think if more diverse positions could be created in each region, it would expand opportunities for active participation.

**Sato:** I was able to become a General Manager by taking the initiative to challenge myself and advance my career. The current system, which requires relocation to advance, might need to be reconsidered. On the other hand, I personally feel that I've grown through transfers, so I hope more people will try their hand at advancing their careers even if it involves transfers.

**Nishida:** For women, it's often difficult to take on challenges unless they're single. I feel like young female employees think it would be great if they could balance promotions and family life, but they think it's challenging to do so. It's not just about changing employees' mindsets; we need to reform our internal systems as well.

**Nishino:** For women, life events such as marriage, child-raising, and caregiving are factors that affect both work and life, and this hasn't changed much from the past up to now. Simply changing the system doesn't mean it will be utilized or even be effective. If we're going to establish systems that take career development into consideration, they need to be flexible and easy to use. On top of that, we need to properly communicate and deepen understanding of model cases in which the new systems are successfully utilized. Only then will we lower the psychological barriers for female employees and inspire them to pursue managerial positions.

**Sato:** The current situation is that when Senior Managers take childcare leave or shortened working hours, it inevitably puts a burden on the other Senior Managers around them. This is just an idea, but it might be good to have a system where branches with Senior Managers working shortened hours have an additional Senior Manager during that period. That way, Senior Managers working shortened hours wouldn't have to worry about the impact on others, and it wouldn't burden those around them.

**Nishino:** The current system reforms seem to be more focused on making work easier for non-managerial staff, while managers remain in the same situation they were in before. When you look at what managers have to deal with, including overtime, perhaps it's natural for young female employees not to want to become managers. In fact, we need systems that allow managers to thrive in the workplace. If we create managerial positions that are appealing, more women will aspire to become managers.

**Kondo:** It's true that companies where women can't thrive won't survive. That's why we need to consider not only how to increase the number of female General Managers, but also what comes after that. We also need to think about how to increase the number of female employees becoming General Managers of departments or offices at the head office. In addition, we should get an early start on career advancement education and training for female employees currently in their 30s and 40s.

**Sato:** I used to think I could do what I wanted without becoming a Senior Manager, so I wasn't aiming for a managerial position. But after getting involved in management as a Senior Manager, my perspective changed, and I began to find new aspects of work interesting. I think it's good that there are various types of people and various ways of doing things, and there's nothing that can only be done by a certain type of person, so now I want more people to challenge themselves to become managers.

## Orico's Sustainability Management Goals: Cultivating "Female Managers That You Want to Be", Working While Valuing Their Authentic Selves




After working at a chemical manufacturer, she became engaged in education and research focusing on theories of management strategies and technology management as a Professor of Graduate School of Hitotsubashi University. Appointed as a Director of the Company in June 2019.

### Reviewing the System with a Focus on Flexibility and Ease of Use

**Kondo:** When I started working, it was common for people to quit their jobs after 3-5 years, typically when they got married or had children. What's the career outlook like for young employees these days?

**Nishino:** I think they have long-term careers in mind, but one concern is that with the rise of job-based employment, their career path tends to be decided before they even join the company. It's not uncommon for new hires to quit quickly if they feel their assigned department or job duties don't match their expectations. They seem to think their entire career is determined by their first job, like the "gacha"* concept we often hear about. Personally, I'd like them to give it a chance, even if their initial assignment feels off. I want them to understand that things might be different from what they expected, to explore possibilities within that role, and to realize that mastering one job can open doors to others. Even if they feel that the department they're initially assigned to isn't a perfect fit, they might find their ideal environment in a different division. Staying with the company always brings new perspectives and unexpected opportunities. I believe it's not too late to leave after gaining these experiences.

**Kondo:** In that respect, I think our Company offers a wide range of experiences. We have on-site sales, head office positions, and a variety of roles and departments, allowing for diverse career paths. Moreover, we have an internal job posting system where employees can apply for roles they're interested in. If we emphasize these aspects to students and young employees, they might be more inclined to join us and build their careers here. Also, to increase the number of female managers, we first need to boost the number of hires and secure a larger pool of employees.

**Sato:** It's also crucial to create a comfortable work environment. For instance, if we can identify tasks that managers with children can do remotely, simply allowing them to work from home for half the week could significantly reduce their stress. Many management tasks, like meetings, can be done effectively online, so I think there's a high chance this could be implemented. We could also consider a system that allows side jobs internally within departments that support remote work. However, for this to work, we need the system to address concerns about burdening colleagues, or else employees won't use it. I believe a flexible system could offer various solutions.

**Nishida:** That's a good point. Earlier, the idea of adding an extra Senior Manager when someone is working reduced hours was mentioned. I've heard of companies that offer incentives to those who take on extra work from colleagues on reduced schedules. Even without incentives, a system that promotes fairness and reduces stress for everyone involved, thus creating a positive cycle, could encourage career advancement.

**Nishino:** While Orico has a high proportion of female employees, there still seems to be little awareness about aiming for management positions, so I think there's still room for improvement. Our credit centers, for example, employ a lot of women, including those raising children. In that sense, Orico has great potential for increasing the number of female managers. Everyone has their own life goals, and it's not wrong to prefer non-management roles or to be content with only doing the tasks assigned to you. However, becoming a manager does offer a new perspective. I believe Orico is full of opportunities for female managers to succeed. If we can create an environment that encourages women to aim for management positions, I think we'll naturally see an increase in numbers.




Engaged in various duties at head office, including positions in the Operation Promotion Dept., System Planning Dept., and IT System Operation Dept. Appointed as the only female General Manager in April 2024 after experiencing managerial positions in the same department.

*A kind of lottery for players to receive a random in-game item






Joined Orico Chubu Co., Ltd. and then transferred to the Company. After experiencing managerial positions at Kawagoe Branch, Nagoya Branch, and Kumamoto Branch, appointed as the only female General Manager of a sales branch in April 2022.

### Be Yourself. Managers Can Come in All Varieties.

**Nishino:** For sales positions with region-based assignments, it seems challenging for female employees to aim for managerial positions. How do you feel about this?

**Nishida:** Personally, I feel it's difficult to serve as a General Manager on-site for a long time if you can't transfer anywhere. While I say that I can go anywhere in the country, the truth is that I want to settle somewhere. Also, the number of regional managerial positions is limited, and if you aim for a managerial position, you need to consider relocation. However, the head office can be very busy, and people might not feel inclined to aim for managerial positions if it involves relocating.

**Sato:** Being on-site has its own merits, and the head office offers its own challenges and rewards. I think it was good that I got to experience both, so I hope younger employees will challenge themselves, too.

**Kondo:** Retention rates might be influenced by whether people can do what they want to do or whether the workplace is easy to work in. To increase the number of female managers, we might need to take an incremental approach by first increasing retention rates, then increasing the number of people who aspire to become managers. It might be good to establish a number of example cases, such as those raising children or those who have relocated due to their spouse being transferred, and set up a forum to discuss the systems required for such individuals to become managers. As Ms. Nishino mentioned, becoming a manager changes your perspective and opens up more opportunities. Things have somehow worked out in my experience, so I want to convey that. Personally, I think it might be valuable to have a trial system in which employees can experience being a Senior Manager temporarily.

**Sato:** I completely agree. I used to think that the work of General Managers, and even Deputy General Managers and other senior positions, looked very grueling and difficult, and that I absolutely couldn't do it. However, once I actually tried doing it, it worked out somehow. You're not doing the job alone, and those around you help you out. Perhaps I was viewed as an unreliable manager, but it worked out somehow, and I feel like I grew as a person, too. So I'd like people to avoid shutting themselves off from the possibility just because they think they can't do it. I really want people to challenge themselves and explore their potential.

**Nishida:** I think that I was nurtured by those around me too, including my superiors and colleagues. I feel like becoming the one nurturing others has helped me to grow.

**Nishino:** When people think of a leader, they might imagine someone who makes decisions, takes responsibility, and leads the way for their subordinates. But there are also leaders who take a completely different approach—people who serve those around them, listening to team members' opinions and uniting the team as one while emphasizing harmony. I believe that an organization with leaders of varying personalities has the potential to become stronger, and this is also very effective for organizational management. In this sense, increasing the number of female managers leads to greater diversity among leaders and helps create a workplace that's easier to work in, not just for women, but for male employees as well. This will make young employees more motivated to take on challenges regardless of gender, invigorating the entire organization. Currently, because there are few female managers, they tend to be the focus of attention, which might place pressure on them. Still, I hope they fulfill their responsibilities without overdoing it and prioritizing staying true to themselves. And for the young employees following in their footsteps to become leaders with their own style, I want everyone to value authenticity in their daily routine. I, too, remind myself that I can't exceed my own capabilities, and I approach my work every day while asking what it means to be true to myself.




Joined the current Sendai Office as a contract employee and later converted to permanent employee status. Gained management experience through promotions within the same branch. Transferred to the head office in 2019 using the career advancement transfer system. Appointed to the current position in April 2024.

# Orico's Growth Strategy


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**49 Creating Social Impact Through New Value Generation via Collaboration**
Director and Managing Executive Officer Yuro Kisaka of AEON Financial Service Co., Ltd. x
Head of Corporate Strategy Group and Digital Marketing Group Shinya Uda

**53 A New Path to Expanding Synergies in Southeast Asia**
Founder & CEO Peter Panas of Honest x
Founder & CEO Will Ongkowidjaja of Honest x
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**Diversifying the Orico Group Portfolio**

**73 Orico Forrent Insure Co., Ltd.**
**74 ORIFA Servicer Corporation**
**74 Japan Collection Service Co., Ltd.**

# Medium-Term Management Plan

**We aim to operate our business by placing "sustainability" at the core of our management and strive to achieve a balance between creating social value and enhancing corporate value through our business.**

## Where We'll Be Three Years from Now (Backcasting from 2030)

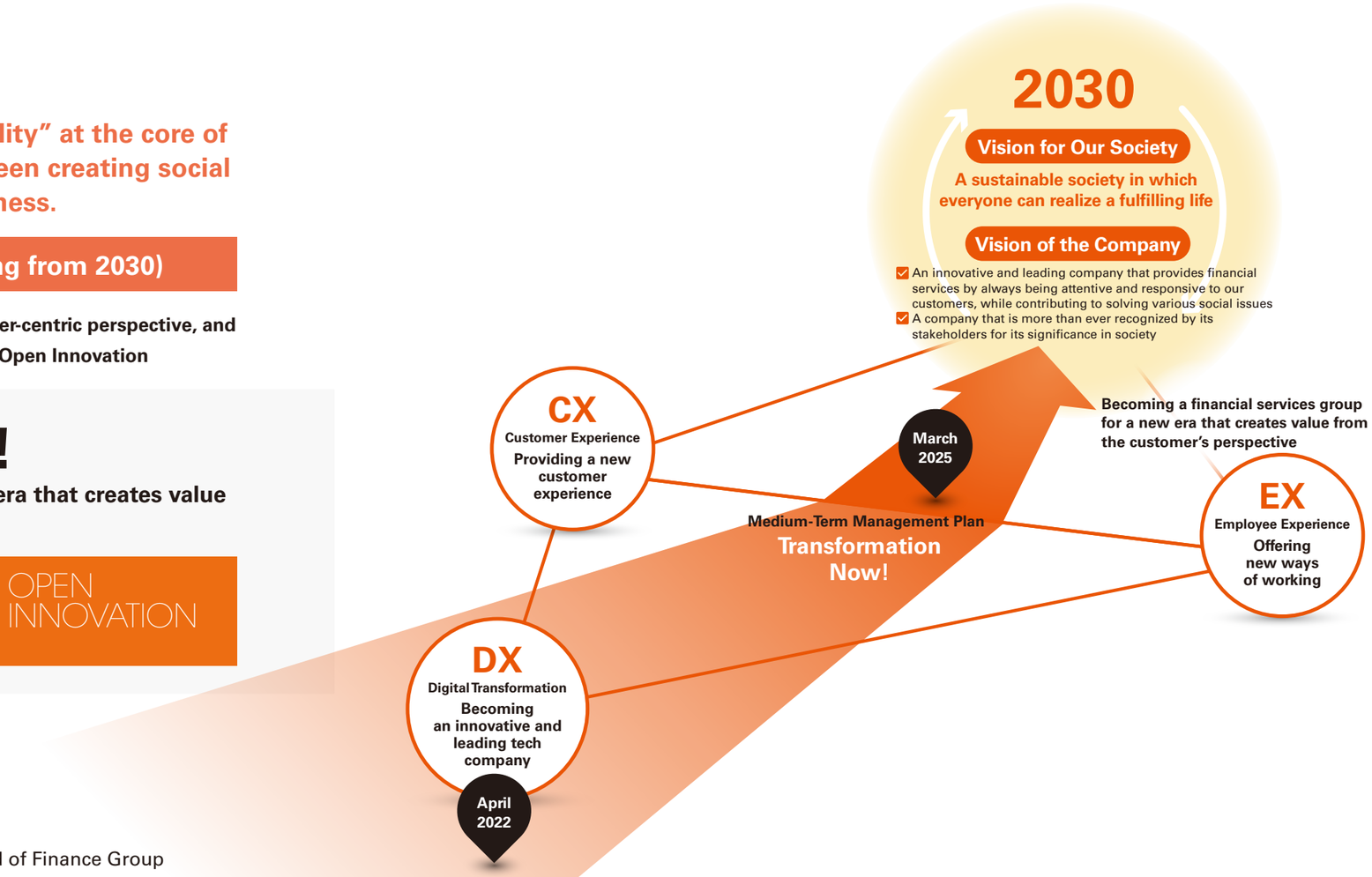
**Depart from the conventional credit sales model, create value from a customer-centric perspective, and enhance social contribution and corporate value through Green, Digital, and Open Innovation**

Our slogan

## Transformation Now!

**—Becoming a financial services group for a new era that creates value from the customer's perspective—**

GREEN　DIGITAL　OPEN INNOVATION




# Business Strategy

**Implementing the strategy below through business portfolio management based on risk return and cost return**

P.61
Message from Head of Finance Group

## Cultivating Priority Markets and Exploring New Business Fields

- Strengthening partnerships through capital and business alliances to help achieve a sustainable society
- Contributing to build a sustainable community through initiatives that helps community and regional revitalization

Business alliances

AEON Financial P.49

Major investment targets

空き家活用株式会社 AKIYA KATSUYO Co.,Ltd.　CrowdLoan クラウドローン P.27

honest P.53

## Creation of New Services Through Collaboration with Other Industries and Leading-Edge Companies

- Striving to create new business models using digital technology

**Digital Cards**
**Digital Code Payment** P.57

**Performance-Based Credit** P.57

Becoming the first major credit card company to be certified as a Certified Comprehensive Credit Purchase Intermediary

## Establishing a Market-in Type of Sales Starting with Customer Needs

- Providing new customer experience value through the use of digital technology

**UI/UX Enhancement** e-Orico P.58

**Cash Flow Support**
**Increasing Operational Efficiency** OBS Orico Business payment for SME PLUS P.59

**Data Business** P.59

Providing data analysis services

## Delving into Process Innovation

- Creating a new work-style experience using digital technology and AI

**Orico AI Chat** P.60

Exploiting generative AI to boost the efficiency of non-routine work and free up more time for creative work

**Utilizing AI for the Credit Business** P.57

Increasing model sophistication through big data

**RPA Promotion**

Developing around 200 in-house developers to come up with 18,000 hours of additional time per month

# Creating Social Impact Through New Value Generation via Collaboration

The Company is promoting a comprehensive business alliance with AEON Financial Service Co., Ltd. (called AEON Financial Service below), which includes the affiliates of both companies and is primarily focused on eight businesses*, to provide new value to both the customers and other stakeholders of our companies.
As part of these efforts, we made AEON Product Finance Co., Ltd. (currently Orico Product Finance Co., Ltd.) a wholly owned subsidiary on March 25, 2024, in an effort to further strengthen the Group's revenue base by strengthening the foundation of our top-class installment credit business, enhancing our competitive advantage, and pursuing synergies with our other businesses.
We will continue considering the conclusion of additional business-alliance contracts with AEON Financial Service to create new value that starts with our customers, contribute to society, and thereby further enhance our corporate value.

*Member/card business, corporate settlement guarantee business, loan/financial business, installment credit business, overseas business, real estate business, debt collection/research business, and initiatives that contribute to sustainability



**Yuro Kisaka**
Director and Managing Executive Officer of AEON Financial Service Co., Ltd.

**Shinya Uda**
Managing Executive Officer, Head of Corporate Strategy Group, and Head of Digital Marketing Group

## How We Formed an Alliance

**Kisaka:** Mr. Uda and I first met around two years ago. At the time, I was thinking about how to restore AEON Product Finance (currently Orico Product Finance), and I wanted to ask how we looked to Orico, which we had considered a benchmark for a long time. I remember feeling like Orico—a top-class installment credit company—was extremely competent at handling things we could not do. For example, Orico seemed highly skilled at interacting with various stakeholders, including customers, member merchants, and supervisory authorities, when promoting operating activities in compliance with the Installment Sales Act, a highly complicated law.
**Uda:** The first time we had a chance to talk, Mr. Kisaka openly chatted with me about his experiences in Myanmar, including some war stories, and I was truly impressed by his wealth of experience and general toughness. While we were talking, he told me that he wanted to take on some new challenges to more effectively utilize AEON Financial Service's managerial resources in Japan, and my first impression was that our two companies had good chemistry and a similar future direction. I already had an image of the AEON Group as having stellar results in terms of its financial services division, and, after having an open conversation with Mr. Kisaka, I started thinking our companies might be able to accomplish something together.
**Kisaka:** AEON Financial Service handles bank and insurance products with a focus on credit cards for general consumers in particular as well as settlement business, while Orico has around 900,000 member merchants in fields that include installment credit and strives to provide new value to Mizuho Bank's hundreds of thousands of SME customers. This means that we are in fact competitors, but—as a result of discussions that included talks by the presidents of our companies—it became clear that our companies' future directions are extremely similar, which was a deciding factor in terms of us forming an alliance. My own personal relationship with Mr. Uda, one that enables complete honesty between us, was also important. Through an alliance, it occurred to me that AEON, which is strong in terms of B-to-C business, and Orico, which is strong in terms of B-to-B business, would be able to improve their fields of specialty while also creating new value.
**Uda:** Although we do compete within our industry, there is a clear difference in the areas where we focus our managerial resources. In addition, we share an awareness that there is something we need to change, which is probably why things have fallen into place in terms of our alliance.
**Kisaka:** Indeed. That said, even though our future direction is more or less the same, it is not in fact identical. Therefore, for us to build a truly win-win relationship, we need a relationship that enables us to candidly express our views to each other. As a result of talking things over not only with Mr. Uda but also with Mr. Iimori, Orico's president, I personally became convinced that we could accomplish the above as well, which was crucial.
**Uda:** Thank you. The AEON Group, which is the power behind AEON Financial Service, boasts a 9.5-trillion-yen economic zone, which means it has a major impact on the entire Japanese economy. AEON is also a comprehensive financial services company with over 30 million members as well as a bank and insurance company under its umbrella, and I was therefore left with the distinct impression that AEON truly towers over its surroundings. I actually thought that, within its economic zone, AEON was already involved in every possible financial service, so Mr. Kisaka's remark that AEON needed a partner moving in the same direction in order to keep expanding within its economic zone hit me pretty hard.
**Kisaka:** What really surprised Mr. Fujita, our president, and me was Orico's strong interest in trying to improve our industry as a whole. I mean, Orico was taking on not just one new challenge but many at the same time, and I was left with the extremely intense sense that we needed to follow suit.
**Uda:** Personally, I was also struck by the sense that, in addition to differing in terms of scale, AEON Financial Service and Orico differ in other ways as well. For example, AEON Financial Service has a bank under its umbrella, while we have banks as major shareholders. Although we are both non-banks, our positions relative to our stakeholders differ, and the scenery surrounding us is fundamentally different.
**Kisaka:** I could not agree more. And that's why, although I initially thought of us as competitors, once we actually started talking, I realized that, by doing business together, we could in fact shore up each other's weaknesses and create something truly new. At this point, we understand all kinds of things about each other, and it really didn't take too long for us to get here.
**Uda:** Absolutely. Of course, our offices have naturally butted heads a bit, but Mr. Fujita, Mr. Kisaka, Mr. Iimori, and I have essentially agreed not to sweat the small stuff as we work towards the greater good. I feel like our chemistry and compatibility as well as our values and shared direction have proven instrumental in enabling us to build a win-win relationship and that our consistent policy has kept us advancing along a steady course.

## Creating Added Value

**Kisaka:** The basic policy of our medium-term management plan calls for *second founding: value chain transformation and new network creation*. As part of this, although we recognized the necessity of providing SME-oriented products and B-to-B solutions, this seemed difficult to achieve using our experience and resources alone, so we decided to collaborate with Orico—which boasts extensive knowledge in this area—to speed up our progress. We have a huge number of suppliers and clients, and we therefore have a major business opportunity if we can find a way to leverage the data we obtain through settlement processing to offer new financing. I therefore believe we can provide new value by combining our strengths with Orico's.
**Uda:** The AEON Group delivers products to SME suppliers all over Japan, and—if we can propose and provide products, services, and solutions in line with their needs—I think we can help enhance the added value of the AEON Group's economic zone. I hope we can accelerate our efforts to accomplish this, including exchanging human resources between our two companies. We also feel that it is important to utilize knowledge of B-to-C apps, including the AEON Pay and AEON Wallet apps on which AEON Financial Service focuses, as well as the knowledge that both companies have of call centers and anti-fraud measures to collaboratively help to resolve social issues.
**Kisaka:** To survive in the settlement and credit field, which is becoming a proverbial red ocean as competition heats up, we absolutely must pursue advantages of scale. Separately investing in our call centers, anti-fraud measures, and card foundations is not enough. By mutually utilizing our resources, I believe we can more effectively focus our managerial resources on the fields where they are needed the most. In the settlement field in particular, the battle is increasingly being fought not by companies but rather by economic zones. It is therefore necessary for partners to work together, each one utilizing the other's economic zone as they work to expand their scale. To ensure that our economic zones are valuable for consumers and suppliers as well, it is important for us to focus not only on B-to-C—our conventional specialty—but also to provide a comprehensive lineup of B-to-B products with Orico.
**Uda:** Absolutely. In addition, although the scale of our business is smaller than AEON Financial Service's, around 70% of our card business is from alliance credit cards, and I believe adding this economic zone could meaningfully expand AEON Financial Service's zone, including segments that are not currently covered by AEON Financial Service. Another thing we could collaborate on is referring customers to each other, and I hope we will have a positive impact on society by starting small and then quickly ramping up our efforts to pursue major initiatives.



Managing Executive Officer, Head of Corporate Strategy Group, and Head of Digital Marketing Group

**Shinya Uda**

## Specific Outlook for Our Alliance Targeting Eight Businesses

### Member/Card Business

**Kisaka:** Given the value that our member/card business provides to customers as well as its costs, this business could achieve a networking effect directly proportional to its scale. I believe we could build a unique model with Orico by exchanging our points and by skillfully combining the smartphone app, wallet, and code payment services we focus on with the digital installment payment and other new services Orico plans to provide.

**Uda:** The digital devices we provide, including our e-Orico service and AEON Financial Service's AEON Pay service, already employ more of an app strategy than a card strategy, and we will also participate in AEON Financial Service's AEON Pay strategy. We also specialize in installment payments in the high price range. By tapping new customers in this field, increasing the user-friendliness of our UI, and pursuing similar initiatives, I hope we can offer high-quality, convenient, safe, and therefore appealing solutions to our almost 50 million customers, including our companies' card members as well as our installment-credit and rent-settlement-guarantee customers.

### Corporate Settlement Business

**Uda:** Although 40% of all B-to-C transactions are cashless, not much cashless progress has been made on corporate settlement, which the government recognizes as a problem. However, certain corporate-settlement products could essentially kill two birds with one stone for the improvement of SME productivity through the promotion of cashless transactions and increased working capital credit. In terms of the fields on which we focus, we hope to offer increased product and service providing ability as well as user-friendliness while also helping to promote the digital transformation of SME. It is our understanding that—in AEON Financial Service's economic zone—there are a lot of suppliers and SME that require cashless transactions, and we will collaborate with the government as we work with AEON Bank to provide products and services in line with customer needs.

**Kisaka:** I hope that we will be able to provide a product lineup that responds to the needs of customers and companies participating in our economic zone. In addition, in terms of settlement, I hope we will be able to expand our companies' business areas by working with Orico in the fields in which they specialize, including prompt liquidation of accounts receivable and financing needs.

### Loan/Financial Business

**Kisaka:** In the loan/financial business, AEON Bank and Orico are already working together to develop a system aimed at providing unsecured loans, and we plan to launch our services around spring of 2025. AEON Bank provides objective-specific loan products in line with customer needs, and, by obtaining Orico's support in terms of guarantee business, we expect to be able to extend loans to more customers than if we tried to do this on our own.

**Uda:** I have also heard that unsecured loans are a field AEON Bank plans to focus on, and I therefore hope that we can use our guarantee and collection know-how to help AEON Bank achieve their policy of pursuing the growth of unsecured loan. In terms of our Akikatsu Loans as well—a measure we implemented to help resolve social issues—I hope we can utilize AEON Bank's channels throughout Japan to expand our related business.

### Installment Credit Business

**Uda:** We will consider utilizing Orico Product Finance, a wholly owned subsidiary transferred to us from AEON Financial Service, to spearhead our efforts to establish a system to respond to installment credit needs in AEON's economic zone, thereby providing added value.

**Kisaka:** Meanwhile, to more effectively respond to the diverse installment credit needs that exist within the AEON Group, we will consider this matter in more detail through subcommittees and similar measures.

### Overseas Business

**Kisaka:** In the future, we plan to consider collaboration not only within Japan but abroad as well. AEON does retail business in 14 countries and regions including Japan as well as financial business in 11 countries, and our main target goes beyond Japan to encompass Asia as a whole. As Orico expands overseas as well, I hope our companies can collaborate to effectively respond to the different regulations and customer needs in each country.

**Uda:** We currently do business in three countries other than Japan, and we plan to focus on consolidating our position for the time being. In other words, our priority is to strengthen our business in regions where we already do business as opposed to expanding into new areas. For example, in Indonesia—which is seeing remarkable economic growth due to its expanding labor force—we have invested in the local credit fintech company Honest, and we are utilizing their digital infrastructure to expand our business there by focusing on auto loans. Given that the extent of B-to-C business is directly proportional to the population, we will also collaborate with AEON Financial Service to effectively deal with Indonesian regulations as we search for fields in which we can cooperate. Indonesia is also seeing more and more car use, and there is more auto loan growth for EVs than for gas-powered vehicles. I hope that we can take advantage of the knowledge we have gained as a result of this business to help AEON Financial Service create new value in the various overseas countries where it does business.

**Kisaka:** Indeed. You know, we offer just about all of our products in Malaysia, where we have obtained a digital banking license, but we do not really extend that many auto loans overseas. Therefore, by combining our customer base with the auto loan area, which is being emphasized by Orico, I think we can create new value. Resolving issues related to the different needs of each country is difficult for a company to do on its own, but—by combining our companies' know-how—I hope we can achieve results that effectively contribute to resolving such social issues.

### Real Estate Business

**Uda:** AEON MALL, AEON TOWN, and similar real estate development leads to community building, and I believe this offers yet another option for collaborating. We are also considering the future possibility of building a system that enables us to provide real estate to customers of our two companies as assets under management.

**Kisaka:** In the past, we have mainly specialized in handling small amounts for individual customers, but Orico also possesses know-how related to handling larger amounts, so I am confident that our collaboration will soon enable us to create something that offers value.

### Initiatives That Contribute to Sustainability

**Uda:** The two of us have been considering the possibility of collaborating so as to contribute to sustainability—including decarbonization initiatives and the use of such initiatives as a starting point for revitalizing regions where AEON Financial Service does a lot of business—for a long time. On top of that, I consider it important to collaborate on financial education as a social contribution activity.

**Kisaka:** One of our goals should definitely be to share information as we look for ways to collaborate that will enable us to link our business direction to sustainability.

### Debt Collection/Research Business

**Uda:** Debt collection/research business is an area where we have accumulated a lot of know-how and developed sophisticated systems and platforms through installment payments due to the fact that the installment credit business is how we have made our living. I therefore believe that there are a lot of opportunities here for collaboration with AEON Financial Service—including collection, research, and other services—and that we can also exploit advantages of scale in terms of such business. Given that this business also tends to be affected by economic cycles, I believe we can take advantage of our strengths to provide meaningful support to AEON Financial Service.

**Kisaka:** We are already in almost complete agreement regarding our debt collection/research business, and we have started developing the necessary systems.

**Uda:** We plan to officially start collaborating by the end of fiscal year 2024.

## What We Expect from Each Other

**Uda:** It has only been three months since we concluded our basic agreement, but—ever since last autumn—we have been holding steering committee meetings attended by the presidents of our two companies every quarter. At these meetings, we hold honest discussions that cover our progress, proposals for creating new value, and other relevant topics. I believe it is important to announce what we decide and to make sure that both in-house and external stakeholders are aware of the results of our business alliance.



Director and Managing Executive Officer of AEON Financial Service Co., Ltd.

**Yuro Kisaka**

**Kisaka:** Our companies have already collaboratively developed the necessary foundation and framework. Things have gone extremely well so far, and I hope that we can further accelerate our progress. Everything we are promoting assumes a long-term partnership as opposed to mere one-shot collaboration, and I hope this will enable us to pursue the provision of new value with an emphasis on creating something truly new through our alliance.

**Uda:** Given that our alliance is an opportunity for us to tackle new challenges, there is nothing for either of us to lose, and I am genuinely looking forward to seeing what we can accomplish.

**Kisaka:** Indeed. It seems crucial for us to keep exchanging views with each other as we strive to build a win-win relationship. Together, we will build a platform that provides new value not only to our 40 to 50 million members—specifically our digital platform members, who include AEON Card and WAON digital cash members—but also to Orico's credit card and installment credit business customers. My hope is that we will be able to make the AEON Group's economic zone more valuable through collaboration with Orico.

**Uda:** Naturally, achieving new value through our comprehensive collaboration with AEON Financial Service will also increase the corporate value of both of our companies. Our actual initiatives are in fact making steady progress, but I also consider it important to have a visible impact on society. In terms of our B-to-B operations, we cover around half of the approximately 3.4 million SMEs throughout Japan if we consider the nine hundred thousand stores covered by Orico, several hundred thousand companies included among Mizuho Bank customers, and AEON Group suppliers. I hope that we can take full advantage of our digital and real points of contact with these customers as well as the associated advantages of scale to create new value as we effectively shore up each other's weaknesses. I also hope our stakeholders will look forward to the genuinely grand scale of the collaboration between our companies.

# Orico × honest

# A New Path to Expanding Synergies in Southeast Asia




Honest is the only fintech company in Indonesia that has a credit card business license. By introducing online identity verification services (eKYC) that take advantage of the country's digitized social infrastructure, the company has achieved an application process that can be completed just by using a smartphone. The company also issues many new credit cards that are firsts for the Indonesian market, including virtual and numberless credit cards.
In addition, the company has developed a credit assessment model that utilizes AI and big data, which the company is using to increase its presence in Indonesia's market by providing services in line with customer needs, including the provision of credit cards to the middle-income segment, which makes up around 70% of the country's population but was not actively targeted by banks in the past.
In 2023, we invested in Honest to provide them with access to our credit-card-business know-how and global business capabilities to boost their growth while also taking advantage of Honest's developmental business model and growth potential to increase our own competitiveness in the market outside of Japan.
Recently, Mr. Senba, the Head of our Credit Card & Payment Service Division, visited Honest's head office to discuss differences between the markets and technologies of Indonesia and Japan as well as the future outlook with the founders and CEOs of Honest, Mr. Peter Panas and Mr. Will Ongkowidjaja.

## Development of the Markets and Technology of Indonesia and Japan

**Senba:** It has been a year since you started offering services in Indonesia, and both the number of customers and card balance are increasing at a good pace. We are well aware of Honest's business superiority and the huge potential of this market, but how do you feel about the current situation as a manager?

**Will:** Well, the young adult segment accounts for a large percentage of Indonesia's market, the smartphone penetration rate exceeds 90%, and the people have a comparatively high rate of digital device literacy. The country has a QR infrastructure through the increasing popularity of ride-sharing, and QR settlements has become a major payment approach in cashless transactions. Another important factor is that Indonesia's government is ambitiously promoting cashless transactions as well. Before, different payment companies were issuing their own QR codes, but the government unified and standardized them through QRIS. This has dramatically increased the convenience of QR codes, and Indonesia and Thailand are expected to engage in cross-border QR collaboration as a result.

**Senba:** It sounds like digital settlement is spreading throughout Indonesia and there is sufficient groundwork in place to ensure more far-reaching acceptance of credit cards as well.
While walking around Jakarta, we also noticed that QR code settlements have become a common part of everyday life for many people, whether for ride-sharing services or food stalls. Are there any other notable features of Indonesia's market environment?

**Will:** One thing that makes Indonesia's market unique is that, even though QR settlement has become popular, the penetration rate of credit cards is only 5%. There are a couple of reasons for this. First, few banks have been granted a license to issue credit cards. Second, the banks that do have licenses also have extremely strict credit criteria, so they only issue cards to the high-income segment. The middle-income segment, which is expanding due to economic growth, views credit card ownership as a sort of status symbol, and this disconnect between supply and demand is a major business opportunity for us. We hope to fully utilize our digital capabilities to create new customer experiences through our credit cards and ensure that the highly literate middle-income segment chooses us.

**Senba:** In Japan, almost everyone has a bank account, there are tons of bank branches, and both traditional banks and non-banks have issued credit cards. However, competition has recently been heating up due to an increasingly diverse range of card issuing companies as EC companies, telecommunications companies, major retail companies, and others use their own credit card companies to expand their shares of the market through active reward programs and other initiatives.

**Peter:** I have heard that, in Japan's market, the number of issued credit cards has exceeded three per person. Given this, how is digital onboarding (the use of digital capabilities to win customers and increase their loyalty) developing?

**Senba:** Japan's digital onboarding rate has recently increased due to it becoming possible to open bank accounts and apply for credit cards just by using a smartphone.
That said, using plastic credit cards is still the most common approach, but several companies—including us—are starting to offer completely digital cards that do not involve the issuance of a physical card. So-called *wallet apps*, which resemble conventional wallets but function through a smartphone, are also spreading throughout the market.
However, the market is currently flooded with the apps of many companies, and I suspect that a lot of these options will ultimately end up getting weeded out. In that sense, what do you consider important in terms of competing with a digital service?




**Peter:** I believe that one of the most important considerations is to achieve high-speed smartphone UI/UX improvement, which is a key point of contact with customers. Through our PDCA cycle, we strive to remain cognizant of the reactions, behaviors, and needs of our users and to promptly apply these characteristics to our UI/UX. I worked on Apple Card before founding our company, and I have endeavored to apply that experience to improve our UI/UX.

**Senba:** Every relevant company in Japan is trying to increase points of contact through their apps and maximize monetization opportunities, but it still feels like there is a gap between the app functions provided by these companies and the services that individual users actually want.
For our part, we are trying to provide an intuitive, easily understood UI as well as a high-quality UX by increasing the rate of customer issues resolved through our app and website.

## A Future Strategy That Combines Credit Cards and Digital Technology

**Peter:** In terms of the utilization of digital technology, what are some of Orico's latest concerns?

**Senba:** We are trying to improve our services with the primary goal of *enhancing customer experience value*. More specifically, we have positioned our e-Orico app as a platform for communicating with card members. In this way, we are creating a system that enables us to confirm each customer's usage situation and make recommendation of revolving payments and other financing services in a timely manner. We are also trying to ensure that customers repeatedly come back to e-Orico by communicating cooperating member merchant perk and special coupon information to them on a daily basis.
In addition, up until now, customers had to apply for our installment credit service every time they purchased a product, but we are developing an installment payment service that can be used instantly and repeatedly by immediately issuing credit limits to customer smartphones.

That said, one challenge we will face is how to increase our skill at analyzing and utilizing collected data. Therefore, please tell us how Honest analyzes and utilizes data.

**Peter:** Well, AI is always an active part of our data analysis. More specifically, we have implemented a PDCA cycle aimed at achieving both profitability and growth, including marketing AI, application-procedure AI, usage-limit and fee-level considering AI, and default-related AI.

We also enter AI-related data in real time, and we generally upgrade each of our models monthly, which is in line with the customer repayment cycle.

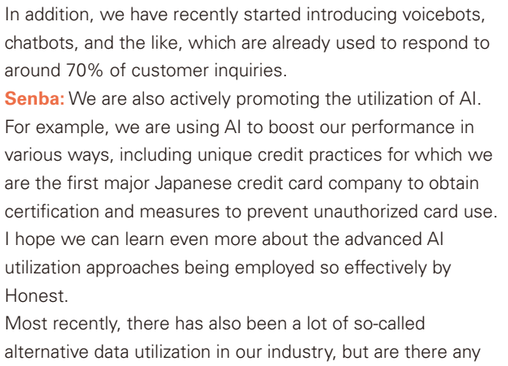
In addition, we have recently started introducing voicebots, chatbots, and the like, which are already used to respond to around 70% of customer inquiries.

**Senba:** We are also actively promoting the utilization of AI. For example, we are using AI to boost our performance in various ways, including unique credit practices for which we are the first major Japanese credit card company to obtain certification and measures to prevent unauthorized card use. I hope we can learn even more about the advanced AI utilization approaches being employed so effectively by Honest.

Most recently, there has also been a lot of so-called alternative data utilization in our industry, but are there any major initiatives Honest is pursuing in this regard?

**Peter:** Well, as you might suspect, there are a lot of opportunities to utilize smartphone device data. After obtaining the consent of customers applying with us, we collect a wide range of data related to their devices and then apply this data to our credit decision-making. We can also gain an understanding of the day-to-day behavior of our customers based on other companies' applications that are used by them as well as their usage timing, frequency, and other characteristics.

Such data is not very useful on its own, but—by combining it with other kinds of data—it can help us provide personalized services.


Managing Executive Officer and Head of Credit Card & Payment Service Division
**Yohei Senba**


Founder & CEO of Honest
**Peter Panas**

## Towards Future Collaboration

**Senba:** As we have already discussed, I hope that we will be able to fully utilize Honest's digital transformation knowledge to further enhance our customer experience value. As one example, when I had the opportunity to visit Honest Thailand the other day, I was given a tour of their high-speed PDCA operations using AI scoring, and it was quite a learning experience.

**Peter:** I would imagine that Honest Thailand's organizational approach might also be a useful reference in addition to our use of digital technology. I think the general approach is to set up separate organizations for each role and function, but we base our approach on customer experiences, aiming to achieve an organizational design that enables us to complete each customer experience, including everything from its design to development and monitoring, via one team.

**Senba:** It sounds like you apply your approach, which emphasizes the customer experience, to your organizational design as well. We have already sent two trainees to you, and we certainly hope that they will learn not only about your AI scoring and other digital capabilities but also about the impressive organizational know-how you just mentioned.

**Will:** Although we are currently pursuing advanced initiatives to explore Indonesia's market, we have not been in business for long, so there are still a number of challenges standing in the way of our sustainable growth. We would be delighted if Orico, which boasts a long history in Japan's market, would provide us with the managerial support and advice we need to achieve the future growth we seek.



## The Development of Indonesia's Credit Card Market and Honest's Strategy

### Indonesia's Credit Card Market

Indonesia's credit card market is experiencing dramatic changes and growth. Based on the latest data, the total number of credit cards issued increased from 16.51 million in 2021 to 18.13 million in the first quarter of 2024. Similarly, the transaction amount increased from 244 trillion rupiah (2.3 trillion yen) in 2021 to 405 trillion rupiah (3.8 trillion yen) in 2023.

In 2023, to strengthen Indonesia's digital settlement ecosystem, Bank Indonesia expanded its credit card relaxation policy, such as by setting the minimum payment amount to 5% of the total bill amount. The bank also imposed a limit on interest rates and introduced an installment-payment system to help ensure that credit card companies provide fair financial products to customers. However, applying for a credit card requires the entry of numerous necessary items as well as a lengthy confirmation process, so processing an application takes two to three weeks. As a result, more and more customers are starting to view the acquisition of a credit card as a complex and difficult ordeal.

At the same time, the competition in Indonesia's credit card market is growing extremely fierce, so local card companies are working on various ways to encourage the use of their products and expand their market shares.

### Examples of Efforts by Various Companies

1. Product differentiation: Banks are differentiating themselves from each other by providing credit cards that have unique perks and functions depending on the target customer segment. For example, premium cards designed for the high-income segment have perks that include airport lounge use, travel insurance, and concierge services. In contrast, cards for the young adult segment offer perks that include refunds on online shopping as well as discounts on entertainment.
2. Promotion strategy: To increase credit card members, banks actively make promotional offers that include interest-free periods when customers sign up, reward points, cash-back offers, and discounts provided in collaboration with member merchants.
3. Digital innovation: One key trend in Indonesia's credit card market is the rise of digital banking and mobile settlement solutions.
   By combining their credit card services with mobile apps, banks are starting to provide seamless customer experiences.

### Honest Card Features

We have released the Honest app in the Google Play store, which is used by around 89% of all smartphone users in Indonesia. This app enables anyone to apply for an Honest Card in just five minutes, anytime and anywhere. The app can also be used to check assessment results or to accept or refuse credit limits and fees. The app also supports real-time notifications of all transactions, which helps to make it easier for customers to control their balance.

Honest Card is also Indonesia's first numberless card, which helps customers to more effectively manage their card numbers and other financial information. Credit card information can only be used in the app, and this is combined with biometric authentication to provide the highest possible level of security to customers and ensure their peace of mind when using the service. In terms of actually using the credit function, the Tap to Pay function* enables customers to easily complete transactions simply by tapping their smartphones against EDC (electronic data capture) devices. Because Honest Card combines accessibility, transparency, and the latest settlement innovations to provide support that enables customers to use their credit card to responsibly manage their money, we are confident that it will end up being their go-to day-to-day settlement method.

*A system that enables smartphone and other devices to be used as credit card devices


President Director of Honest
**Dharu Estiningrum**

**Company Overview**

Company name:
Honest Financial Technologies International Private Limited

Representatives:
Peter Panas and Will Ongkowidjaja (joint founders)

Founded in: April 2019

Business description: issuing credit cards for consumers

# Leveraging Digital for Business Strategy

## Creation of New Services Through Collaboration with Other Industries and Leading-Edge Companies

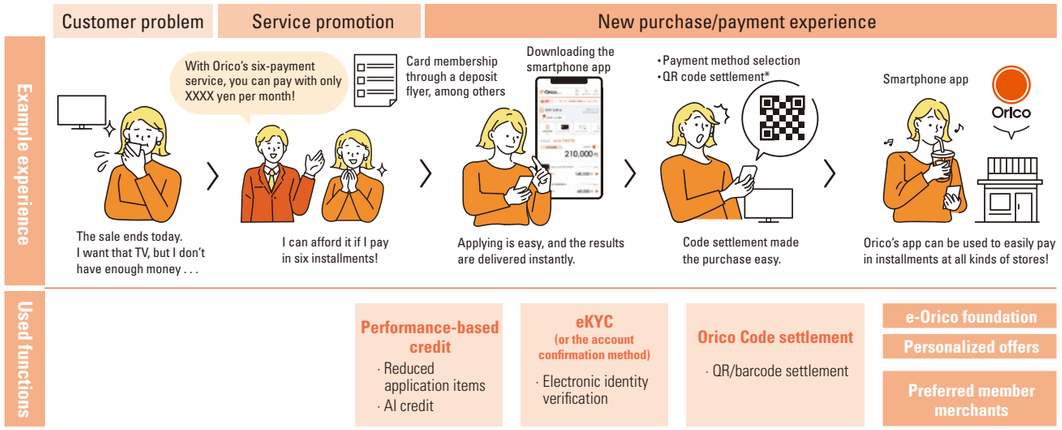
### Providing New Cashless Settlement Services

In June 2023, we became the first major credit card company to be categorized as a Certified Comprehensive Credit Purchase Intermediary under the revised Installment Sales Act (which was enforced in April 2021). In July 2023, we also started providing credit (performance-based) using a unique method without considering Investigation into the Comprehensive Purchase Amount Projected to Be Affordable. As a result, we were able to utilize our unique assessment logic, which focuses primarily on delinquency rate management using AI and other solutions to achieve *flexible usage limit setting* and a *reduction in the number of application items*. More specifically, we reduced the number of application items that must be filled in or entered by customers from 32 to 20 (mandatory items), greatly reducing the time and hassle of applying. We also released a new product that combines performance-based credit with a digital card and digital code settlement (Orico Code settlement*1) to enable customers to complete the entire credit-card application procedure in as little as five minutes.
Note that the card numbers, security codes, and other information related to digital cards can be checked via e-Orico*2. Our digital cards also ensure safety and security when using them to make online payments at EC sites, for contactless payments at stores, and in various other situations thanks to functions that include immediate user notification of usage details and temporary usage suspension.

*1 This service enables the immediate issuance of co-branded credit cards as well as immediate use. (Credit cards are mailed to applicants on a later date.)
*2 A special web service exclusively for members

### Providing New Experience Value to Customers

When a customer finds something they want right this second at an alliance-partner store, our digital payment scheme (Orico Code settlement) is just what they need. Our digital settlement scheme enables customers to complete everything from applying for a credit card to using a payment app on their smartphone to present or scan a QR code or barcode within as little as five minutes so they can bring home the product they want that day. With this scheme, there is no need to wait to receive a credit card. This enables us to provide new experience value in line with the needs of our customers when they are at an alliance partner's store and find something they want to buy on the spot or simply want to enjoy shopping.
In addition, with our digital cards, which we provide to a wide range of customers, the credit card number, security code, and other card information can be checked using e-Orico or a smartphone app, and there is no need for an additional assessment when shopping for a second or subsequent time as long as the customer is within the usage limit.
Our digital settlement scheme can also be used at EC sites, and they provide a safe, secure, and convenient experience to our customers 24 hours a day, 7 days a week, regardless of when they happen to make a decision.
In the installment-credit member merchant market, we will continue preparing to introduce new installment payment products to create uniquely Orico-style services and customer experiences that offer all the advantages of performance-based credit, digital card, and credit business model functions.




*QR codes are a registered trademark of DENSO WAVE INCORPORATED.

### Aiming to Provide New Cashless Settlement Services

We are in charge of the planning and development of digital settlement products, and services we have released include Orico Code settlement, which enables QR code settlement immediately after signing up, as well as digital cards for which card information can be confirmed via e-Orico. Every one of these digital settlement services can be used whenever our customers need them, without too much time or fuss. These products are designed to respond to customer needs that include the need to use services the day they are applied for as well as the need to use services at locations where customers do not want to get out cards due to prying eyes.
We will keep providing special experience value to our customers as our digital society changes day by day.



Credit Card Product Development Dept.
Jun Sogabe and Atsuko Suzuki

### Providing New Experience Value to Customers

We utilized our unique credit know-how, which we cultivated over the years, to get our Installment Sales Act company category changed to that of a Certified Comprehensive Credit Purchase Intermediary in order to achieve a unique business model in the installment payment area. This marks the first time a major credit card company has ever obtained this certification, and accomplishing this involved multiple interviews with the Ministry of Economy, Trade and Industry, our supervisory authority, over a period of around six months as well as other preparations and checks related to applying. By combining performance-based credit and digital settlements, we are making it easier for our customers and member merchants to use high-amount, long-term installment payments, and our aim in doing this is to create a new market based on installment payments.



Credit Card & Payment Service Planning Dept. (currently the Tokyo Auto Branch)
Hiroshi Kouyama

## Establishing a Market-in Type of Sales Starting with Customer Needs

### Anytime, Anywhere. Simple and More Convenient

In March 2024, we redesigned e-Orico, our special web service for Orico members, and the e-Orico app, our smartphone app, based on the concept of *introducing a convenient, easily understood design and adding new functions to enhance safety and security.*
In the case of e-Orico, we redesigned every screen to make things much easier to see and use so that our customers can instantly access the information they need and the various menu items. To further enhance security, we also added functions that include immediate user notification of credit card usage details and temporary credit card usage suspension.
In addition, as part of the e-Orico redesign, we launched our member-merchant perk web portal Orico Rewards Navi. Orico Rewards Navi is part of e-Orico and offers members-only coupons and other special services. Because this service also includes coupons that are freely created and provided by our member merchants, it is extremely useful to not only our credit card members but also our individual installment customers. We will continue expanding the functions of our service.

**1 Simple, user-friendly design**



**2 Intuitive and easy to understand, excellent visibility**




**3 Same display in an app or browser**



To download the e-Orico app, please go here:

Download on the App Store

GET IT ON Google Play

## Promoting the Digital Transformation of SMEs to Take a Step Towards Resolving Social Issues

We provide convenient credit cards and loan cards for business expense settlement to corporations and individual business owners. In SME market, the use of business credit cards is mainly focused on account processing related to travel expenses and entertainment expenses, and expanding their use to include inter-business payments, such as purchase funds, has become an industry-wide issue. Given this situation, we are pursuing acquiring alliances with a number of invoice card payment companies[*3], and, in April 2023, we released OBS (Orico Business payment for SME), which switches bank transfer invoices to card payment and essentially extends the payment due date by up to 60 days[*4]. In addition, in November 2023, we added a *card payment request* function as a service for suppliers to enable them to encourage buyers to promptly pay their accounts receivable in order to collect money more quickly. Similarly, to prepare for the start of the Invoice System in October, we released Orico Business payment for SME PLUS, an invoice agent service for handling the issuance of qualified invoices. To respond to the needs of corporations and individual business owners, we will continue providing various services that promote the digital transformation of accounting and other work and further increase the added value of business credit cards.

*3 For invoice card payments, the business names are: BPSP for Visa, BPAP for Mastercard, and BBPS for JCB.
*4 The actual number of extension days differs depending on the date when the card payment was applied for as well as the withdrawal date of the card. In addition, note that extensions are limited to payments made using credit cards.

OBS+ Orico Business payment for SME PLUS
### Orico's Billing Services

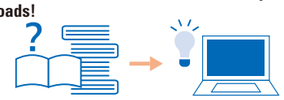
#### Service features

**1 You can issue qualified invoices compatible with the Invoice System!**



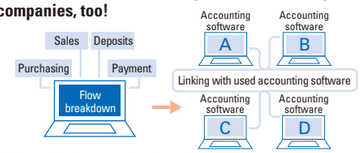

Issued qualified invoice PDF data can be saved to storage systems, enabling compliance with the Electronic Books Maintenance Act.

**2 Digitization of invoice creation can reduce your accounting workloads!**



Qualified invoice emails can be sent directly to clients, which reduces the cost of sending conventional mail.

**3 You can link with accounting software made by other companies, too!**




Linkage with other accounting software is provided as standard.

**4 The issued invoice can be paid by credit card!**



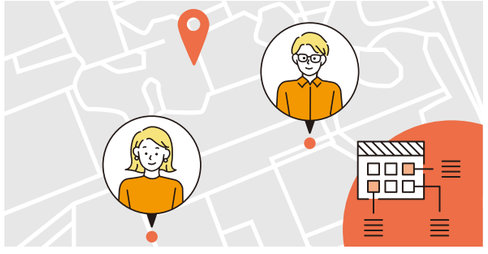

Because, in addition to conventional bank transfers, the business credit cards normally used by customers can also be used to make payments, more customer payment options are available.

For more service details, please go here (Japanese only):
https://www.orico.co.jp/merchant/ms/obs-230417/

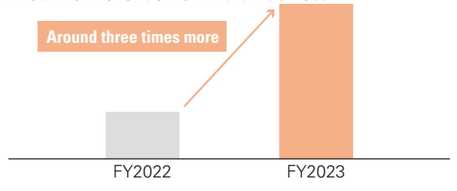
## Using Our Know-How to Resolve Marketing Issues

As our foray into a new business domain, we leverage the know-how in data utilization that we have cultivated up until now, such as in visualizing information and building scoring models, to provide data analysis services to alliance partners. We utilize anonymized data, such as open data from the national census, geolocation data, and credit card usage information, through statistical processing. Every year, we receive more inquiries related to data analysis, and we also accept requests for consultation from a diverse range of alliance partners, including member merchants who run shopping centers and multiple stores as well as financial institutions.
We aim to help solve the marketing challenges that many companies face, such as understanding customers, effective promotional activities, and competitor store analysis. We also help increase the number of customers and sales while also providing efficient customer communication support, thus assisting in the future growth of our clients.

**Refining Target Areas to More Effectively Attract Customers**



**Amount of Revenue from Data Business**

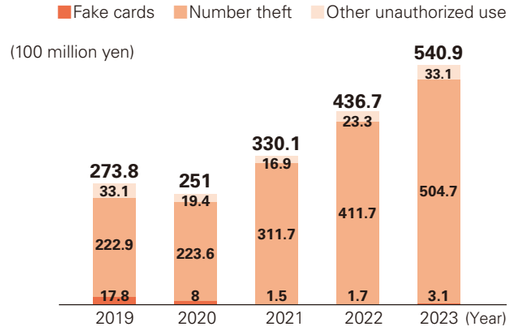



## Ensuring the Safety and Peace of Mind of Our Customers

In June 2023, the Company introduced IFINDS, a fraud detection system with an AI scoring function, as a way to counter increasingly sophisticated unauthorized credit card use. By using AI scoring, we are striving to increase the sophistication of our measures against unauthorized use by ensuring constant and automatic learning about the latest shady practices in addition to monitoring by a qualified professional 24 hours a day, 7 days a week. We have also introduced identity verification services to enable customers to enjoy greater safety and peace of mind when shopping online. In the case of member merchants who have introduced these services, customers can enter their credit card number, expiration date, or a one-time password (depending on their usage situation) to verify their identity, thereby preventing unauthorized use by a third party trying to impersonate them. In December 2023, we implemented automatic registration for our identity verification services to increase the number of card members who can use and benefit from them.
In addition, in 2011, we obtained PCIDSS[*5] (an international standard related to protecting card information) certification for our settlement system as part of our active initiatives to strengthen our management of our members' important personal information.

*5 An abbreviation for Payment Card Industry Data Security Standard. This international unified standard for card information security was established to protect card member information.

**Fraud Damage in the Credit Card Industry**



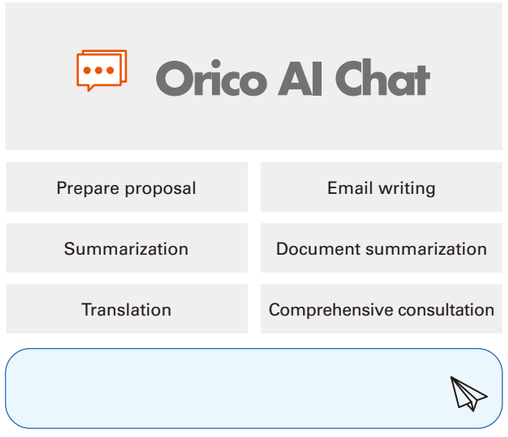

Source: A survey by the Japan Consumer Credit Association (There may be discrepancies in the totals due to rounding adjustments.)

# Delving into Process Innovation

## Creating a New Working Experience

To achieve innovation and enhance productivity, we have introduced generative AI aimed at ensuring security (Azure OpenAI). To help everyone understand both the convenience and characteristics of generative AI, we provide suitable training materials, communicate necessary information, and promote AI utilization. Our other AI efforts include the creation of templates of commonly used prompts and efforts to make it possible to quickly generate responses by following simple steps. We also release collections of prompts we assume will be used in various situations and add examples of prompt utilization collected from throughout the Company via contests to increase the practical utilization of generative AI.
Going forward, we will develop new functions—including the ability to search for or respond using information in our in-house manuals, among others—as we develop a usage base that further increases user-friendliness. Ultimately, we will achieve innovation by quickly and accurately responding to the evolution of technology to provide an environment enabling the safe use of highly convenient generative AI.

**Example Template of Prompts**



# Message from Head of Finance Group



We will focus our managerial resources on key markets to ensure that our growth strategy yields actual results in the near future.

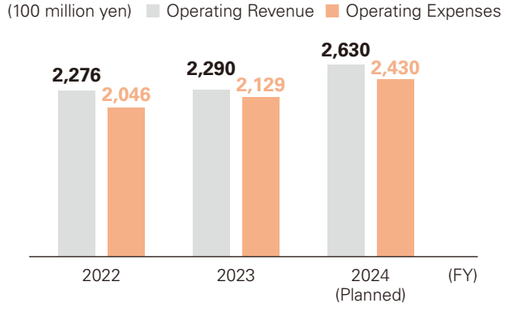
Managing Executive Officer and
Head of Finance Group
Masahiro Kosugi

## 1. Current Situation and Outlook

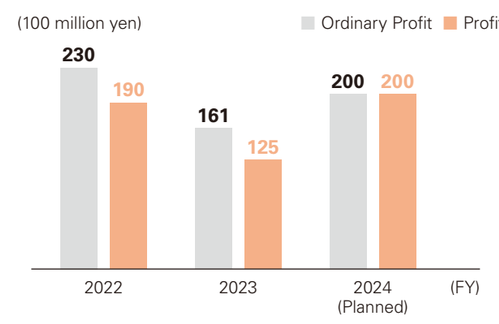
### Review of Fiscal Year 2023

In terms of our operating revenue in fiscal year 2023, we offset the absence of last year's proceeds from major real estate sales with increased operating revenues in our key market in particular to achieve a 1% year-on-year increase, ultimately reaching 229 billion yen. Making Orico Auto Leasing Co., Ltd. (called Orico Auto Leasing below) and Orico Business Leasing Co., Ltd. (called Orico Business Leasing below) as consolidated subsidiary in the second quarter, both of which are joint ventures with TC and were formerly equity method affiliates, has contributed to increasing our revenue. At the same time, however, our operating expenses increased by 4% year-on-year to 212.9 billion yen. The main cause of this was an increase in our bad debt-related expenses. As a result of our credit cost increasing overseas far more than we initially assumed, we had to reduce the predicted profit results we announced at the beginning of the fiscal year—25 billion yen in ordinary profit and 20 billion yen in net profit—by 10 billion yen, and our final results turned out to be 16.1 billion yen in ordinary profit (down approximately 30%) and 12.5 billion yen in net profit (down approximately 34%).

**Operating Revenue and Operating Expenses**




**Ordinary and Net Profit**

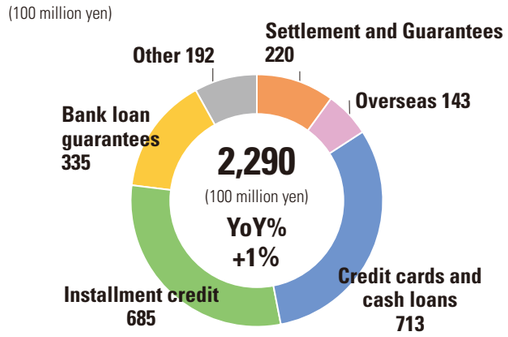



### Outlook for Fiscal Year 2024

In fiscal year 2024, one major issue that we face is how to effectively offset the negative effects of the rising interest rate which affects securitization profit and our increasing financial expenses. Our basic plan is to try to offset the effects of the rising interest rate by pursuing further growth in our key markets, increasing our revenue through the business of three companies—Orico Auto Leasing, Orico Business Leasing, and Orico Product Finance Co., Ltd. (called Orico Product Finance below), which handles installment credit business and received a stock transfer from AEON Financial Service Co., Ltd. (called AEON Financial Service below) in March 2024—reducing our bad debt-related expenses overseas, and taking advantage of the reduced impact of the depreciation of our mission-critical systems, which finished in fiscal year 2023, and associated computer expenses.

Our medium-term management plan calls for ordinary profit of at least 40 billion yen during its final fiscal year (2024). However, given that the interest-rate environment has changed significantly since we initially formulated our plan, which makes the initial plan unfeasible, our current plan is to increase our ordinary profit by 24% year-on-year to 20 billion yen and our net profit by 59% year-on-year to 20 billion yen. Although we consider our failure to achieve the figures called for by our medium-term management plan extremely serious, we are making steady progress on our various key strategies, including strengthening our management foundation. In terms of this fiscal year's business plan, I hope that we can leverage the collective power of the Company to achieve our goals and live up to the expectations of our stakeholders.

**Operating Revenue Breakdown (FY2023)**




## 2. Capital Structure Policy

The Company's Basic Policy on Capital Structure calls for the realization of an optimal balance between financial soundness, shareholder returns, and capital efficiency.

**Basic Policy on Capital Structure**




### Financial Soundness

During the course of its business, the Group provides credit in various forms, but our main business is to raise funds and loan them out to secure a profit. It is therefore important for us to maintain or even improve our financial base—including having enough owned capital to enable us to consistently and efficiently raise funds. As a member of the Mizuho Financial Group, we raise funds not only from Mizuho Bank, our main bank, but from many other financial institutions as well, and we also maintain good relationships with these financial institutions. In addition to raising funds from financial institutions (borrowings), we raise funds from the market through diverse channels that include *corporate bonds*, *commercial paper (CP)*, *asset-utilizing receivables securitization*, and *credit guarantees*. We combine these channels in an effort to achieve the optimal balance and to implement consistent, efficient fundraising operations.

**Fundraising**

■ **Changes in the Fundraising Balance**

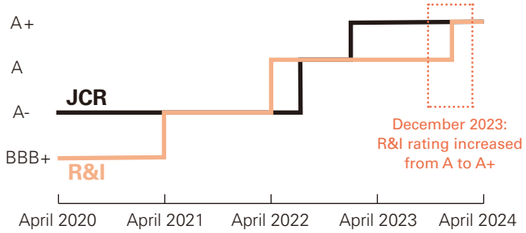



In addition, in December 2022, our long-term issuer credit rating with Japan Credit Rating Agency, Ltd. (JCR) was raised to A+ (credit rating outlook: stable), and, in December 2023, our issuer credit rating with Rating and Investment Information, Inc. (R&I) was raised to A+ (credit rating outlook: stable). Our creditworthiness was further increased as a result of our rating being raised to A+ by both organizations. This, combined with the fact that we successfully



increased our fundraising balance for the consolidation of Orico Auto Leasing, Orico Business Leasing, and Orico Product Finance, seems like ample proof of our fundraising capabilities as a company. We will continue striving to enhance our financial soundness through stable, efficient fundraising operations.

## Credit Rating Trends




## Shareholder Returns

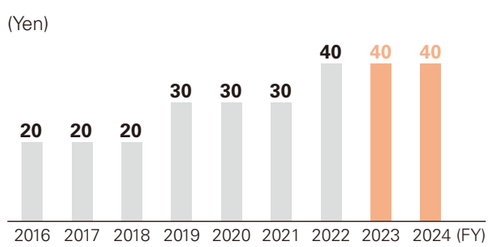
For shareholder returns, we will aim for a consolidated dividend payout ratio of 30%, based on stable and continuous shareholder returns. In terms of our financial results for fiscal year 2023, we suffered a considerable year-on-year decrease in our profit, which resulted in a downward revision of our initially assumed figures. This led to a consolidated payout ratio of 54.7%, but, based on our shareholder return policy, we managed to maintain year-end dividends of 40 yen per share, which was in line with our initial plan. I have heard from our investors and shareholders that they were quite relieved that we did not have to reduce our dividends in spite of suffering a downward revision. We plan to maintain a consolidated payout ratio of 30% and dividends of 40 yen per share in fiscal year 2024 as well.

## Changes in the Payout Ratio and Dividend Amount

### Common Stock Dividends

**Dividend per Share**

- 40 yen, which is in line with our predicted beginning-of-the-year dividends based on our return policy—which is based on the goal of paying out consistent and continuous dividends—in spite of the payout ratio being exceeded
- 40 yen planned for fiscal year 2024




Note: On October 1, 2022, we conducted a reverse stock split at a ratio of one share for every ten ordinary shares. Note that the amounts stated for fiscal year 2021 and prior have been adjusted to reflect the impact of this split.



## Capital Efficiency

Given the increasing importance of management based on an awareness of capital efficiency, one of the management targets called for in the final fiscal year 2024 of our medium-term management plan is to aim for an ROE of at least 10%. Unfortunately, based on our current outlook, we will not reach this target even if we achieve this year's business plan. However, by continuing to enhance our capital efficiency through ongoing business portfolio management based on risk return (the higher this is, the better the return efficiency relative to the risk) and cost return (the lower this is, the better the cost efficiency) as well as investment in M&A and other inorganic growth, we will improve our overall capital efficiency.

Under our current medium-term management plan, we have divided the Group's business into seven categories—*credit cards*, *financing*, *settlement and guarantees*, *automobiles*, *shopping*, *bank loan guarantees*, and *overseas*—and, based on the market growth potential and our competitiveness in terms of each, we have developed a framework for discussing the future potential of each business. Naturally, our goal in doing this is to enhance our medium to long-term corporate value by improving our capital efficiency.

In fiscal year 2023, we took steps aimed at increasing the risk return and reducing the cost return of our settlement and guarantee business, our key market. We are also taking steps to move in a productive direction for our bank loan guarantee and credit card business. In contrast, we are still struggling to strengthen our weak installment credit business (*automobiles* and *shopping*), and, in fiscal year 2023, we started working on structural reforms as an additional measure for our medium-term management plan to try to steer this business in a more positive direction. Although we engaged in various discussions and verifications, analyzed the profitability and other characteristics of each member merchant and branch, and took other steps to comprehensively visualize the situation and develop a suitable operating structure, we still did not achieve the results we hoped for. In fiscal year 2024, I hope that we will be able to resolve these lingering issues and achieve the results we need to steer our business in the right direction.

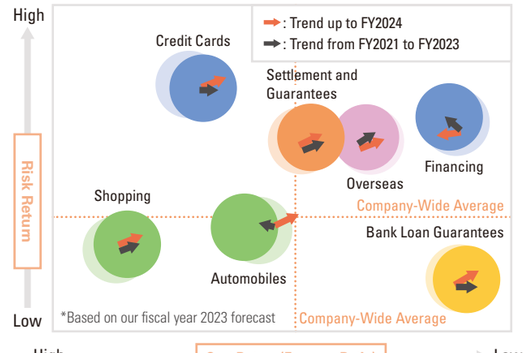
## Business Portfolio Management

### Business Portfolio Direction

[Market Growth Potential × Competitive Advantage] × [Risk Return × Cost Return] ▶ Key Market Cultivation & Explore New Businesses

| Portfolio Analysis/Direction | | Market Growth Potential |
|---|---|---|
| Credit Cards | Considering the rapid changes in the business environment of the growing market, emphasize quality over quantity in operations | High |
| Financing | Enhancing efficiency and expanding membership through improved product quality | Low |
| Settlement and Guarantees | As a pillar of the non-financial businesses, invest managerial resources | Very High |
| Automobiles | Improve efficiency and profitability while thoroughly focusing on sales based on customer needs | Low |
| Shopping | | |
| Bank Loan Guarantees | Expand the guarantee business area by addressing the needs of financial institutions and solving management issues | Low |
| Overseas | Strengthen appropriate risk-taking and capability based on the knowledge accumulated in the auto loan business | Very High |
| New Businesses | Create new portfolios through digital technology and open innovation | — |

### Risk Return and Cost Return Analysis




Risk return: The higher this is, the better the return efficiency relative to the risk (low risk, high return)
Cost return: The lower this is, the better the cost efficiency (low cost, high return)

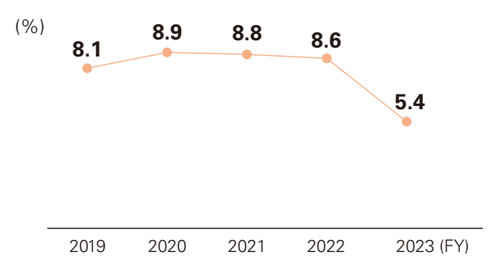
## 3. Management Based on an Awareness of the Capital Cost and Stock Prices

In terms of management based on an awareness of the capital cost and stock prices, the Tokyo Stock Exchange also requires that we disclose information on measures to enhance our PBR. Currently, although our ROE exceeds our capital cost based on our CAPM (capital asset pricing model), our PBR multiple is less than one. I believe that the most recent slump in our PBR is primarily due to factors that include the downward revision of our full-year forecast for fiscal year 2023, our unstable results, and our failure to sufficiently communicate our growth strategy.

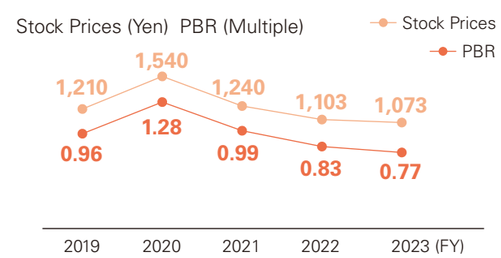
As a more specific example, one major cause of the downward revision of our results is our overseas business, and we are working on increasing the sophistication of our credit standards and building an optimized collection structure to considerably reduce our bad debt-related expenses in Thailand in particular. In addition, in terms of our overall overseas business, I hope that we can thoroughly strengthen our governance structure to get the Company onto a trajectory of stable growth. In an effort to minimize the effects of the rising interest rate on our securitization revenue, we also started engaging in new hedge transactions during the last fiscal year, which we will be starting to pursue in earnest this year.

In addition to the above initiatives, the most important thing for us to do in terms of enhancing our PBR is to enhance our ROE by shifting our limited managerial resources from low-profitability businesses to high-profitability businesses as well as businesses from which we can expect growth. I also think it is necessary to disclose information about such initiatives so that stakeholders throughout capital markets understand our approach, which should increase what they expect of the Company. Therefore, I hope that we can enhance our PBR and ultimately restore it to one by disclosing the Company's approach and initiative policy. Regarding our IR activities as well, we are working on disclosing more information in English. We also hope to have more meetings with both buy-side analysts (institutional investors and other analysts involved in stock buying) and sell-side analysts (securities companies and other analysts involved in stock selling), have small topic-specific meetings, and thereby focus on strengthening our communication with capital markets.

## ROE




## PBR and Stock Prices



## 4. A Message to Our Stakeholders

Fiscal year 2024 is the final year of our medium-term management plan.
The Group's major businesses rely on personal consumption in Japan, and the market will shrink if we do not do anything to respond to Japan's decreasing population.
In addition, in May 2024, Japan's long-term interest rate reached the 1% level for the first time in 11 years, and the country has once again become a *world with an interest rate*.
Under our current medium-term management plan, which considers the decreasing population of Japan as well as the fact that the country now has an interest rate, we are targeting overseas business—for which both growth and a high return on invested funds can be expected—and the B-to-B market, which has a scale of around 250 trillion yen.
More specifically, we have launched initiatives that position the settlement and guarantee business, where funds are expected to see short-term turnover, as our key market.
Although we have not yet reached our initially assumed levels in terms of either of these businesses, I hope we can continue focusing on them to achieve meaningful results as soon as possible.
In spite of the fact that we did not achieve our initially planned management targets, I believe that we are making steady progress on our initiatives, including strengthening our management foundation and sowing the seeds of growth to prepare for a *world with an interest rate*. We are also making progress on considering various kinds of collaboration in terms of the business alliance we formed with AEON Financial Service last year, including guarantee business related to the loan and financial business of AEON Bank, Ltd.
We will continue to expand our business foundation and strive to further increase the sophistication of our business portfolio management based on both risk return and cost return. At the same time—in the face of rising interest rates and other environmental changes—we will strive to build a strong revenue base aimed at establishing a trajectory of sustainable growth, thereby enhancing our corporate value and hopefully continuing to respond to everyone's expectations.
We will start by strengthening our foundation, thereby ensuring that the seedlings we have planted will grow and bloom. I look forward to the ongoing support of our stakeholders as we work towards these goals.

## Status of Dialogues with Shareholders and Investors

### Major IR Activities

| Activities | Performance | Activity Status |
|---|---|---|
| Financial Results Briefings for Institutional Investors and Analysts | Twice (during the second quarter and at the end of the fiscal year) | Two annual financial results briefings by the President and Representative Director as well as the Head of Finance Group |
| Individual Interviews with Institutional Investors and Analysts | Total of 64 briefings | Implementation of individual dialogues spearheaded by the Finance Department Investor Relations Office |
| Overseas Institutional Investors | 19 briefings | |
| IR Materials and Website Posts | Financial results materials (Financial Highlights, Financial Results Briefing Materials, Financial Results Briefing Video, Financial Results Briefing Transcript, Financial Data), Annual Securities Report, Financial Results Summary, Integrated Report, Research Report (by Shared Research Inc.)<br>*Underlined items have English versions available. | |

### Dialogue Results

| | |
|---|---|
| Needs | 1) A need for the disclosure of specific information concerning the delinquency status of overseas business<br>2) A need for the disclosure of information on the PL effects of the three newly consolidated subsidiaries<br>3) A need for more comprehensive IR materials in English |
| Response | 1) Started disclosing a domestic and overseas breakdown of the provision of allowance for doubtful accounts as financial highlights in the second quarter of fiscal year 2023. Also started disclosing the ratio of delinquency to outstanding balance of our Thailand-based subsidiary in the financial results briefing materials.<br>2) Started disclosing the operating revenue, operating expenses, and ordinary profit of our three consolidated subsidiaries at the end of fiscal year 2023.<br>3) Started handling timely disclosure in English in fiscal year 2024. |

### Feedback to the Management

| | Number of Times | Details |
|---|---|---|
| Report on the Status of Dialogues with Institutional Investors, Analysts, among others | Four times | Reporting Q&A and responses related to interviews with investors, analysts, among others at Executive Management Meetings, among others (Two of the four annual reports are to the Board of Directors.) |
| Analyst Reports | As needed | Reporting on securities analyst reports |

### Major Dialogue Topics and Investor Interests

| | |
|---|---|
| Major Dialogue Topics and Investor Interests | ● Progress of the medium-term management plan (key markets, among others), installment-credit structural reforms<br>● Changes in the ratio of delinquency to outstanding balance (changes in overseas and other bad debt-related expenses as well as overpaid interest refunds, among others)<br>● Shareholder return policy (payout ratio, among others)<br>● Maintaining a listing on the TSE's prime market (stock distribution ratio outlook)<br>● Our business alliance with AEON Financial Service |



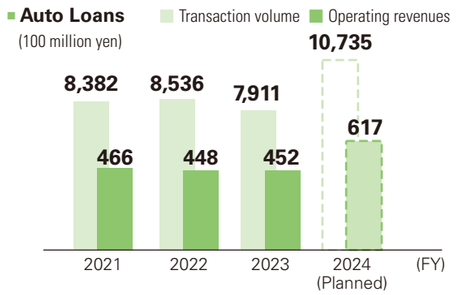
A financial results briefing

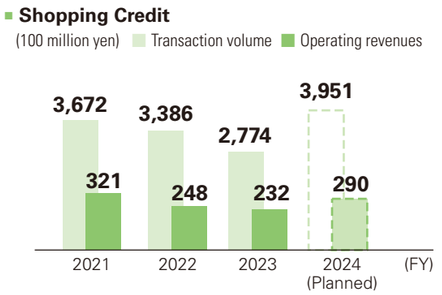




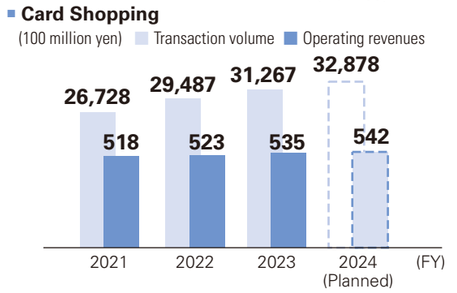
# Performance by Business Segment

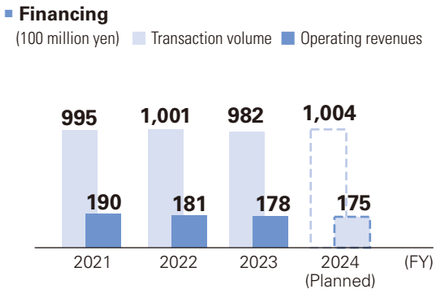
Installment Credit Business



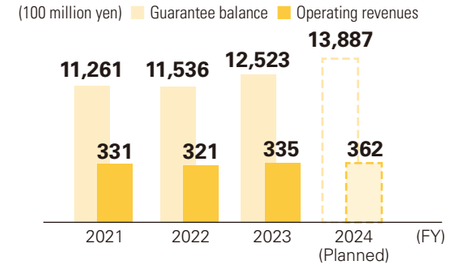



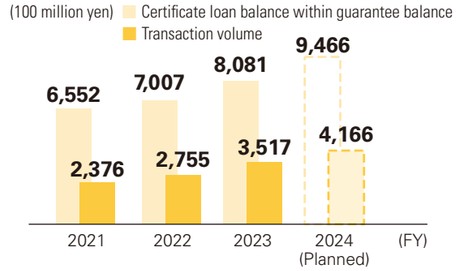

Credit Cards and Cash Loans Business



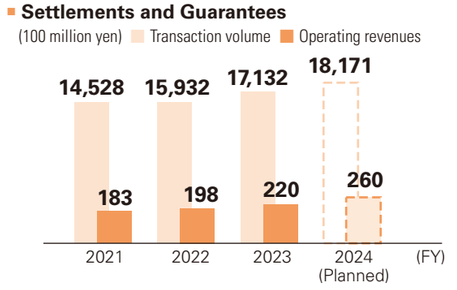



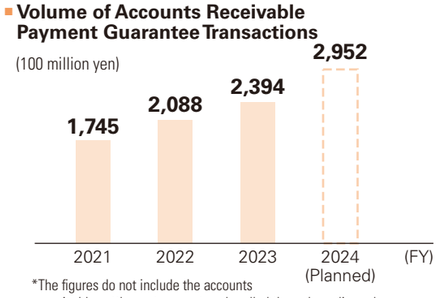

Bank Loan Guarantee Business



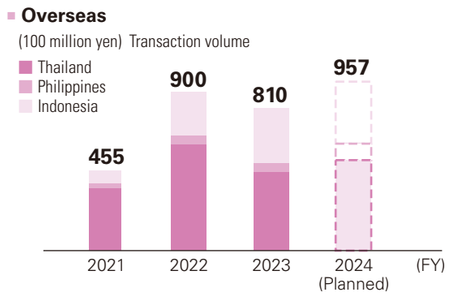

Settlement and Guarantee Business

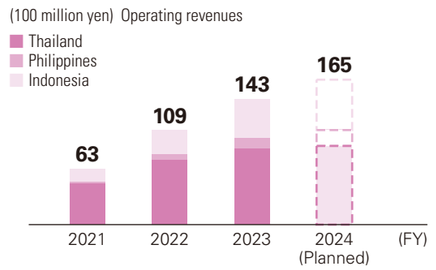



*The figures do not include the accounts receivable settlement guarantees handled through credit cards.

Overseas Business



# Installment Credit Business

Main Products and Services

- Auto loans
- Auto leasing
- Shopping credit
- Home renovation loans

Managing Executive Officer and
Head of Business Promotion Division

Kazuaki Baba



## Strengths

Through our comprehensive nationwide network of sales branches, we provide a wide range of services in response to the customer needs of existing member merchants and local companies, including installment credit, leasing, credit cards, and settlement and guarantees. We are also engaged in a market-in type of sales that 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 our ability to propose a wide range of products and services. We also collaborate with Mizuho Bank, ITOCHU Corporation, and AEON Financial Service to provide products and services with affiliate companies with which we have established close relationships.

## Results and Topics for Fiscal Year 2023

In September 2023, we established Orico Auto Leasing as a consolidated subsidiary to maximize the income boosting effects of taking on the challenge of new business areas, implementing our differentiation strategy, and providing solutions. We also started collaborating with AEON Financial Service to create new value and enhance our corporate value in a wide range of business areas. As part of these efforts, we made AEON Product Finance Co., Ltd. (currently Orico Product Finance) a wholly-owned subsidiary. We then utilized its business foundation to work on increasing the scale of our installment-credit-business structural reforms.

### Market Environment Issues and Responses

| Issue | Response |
|---|---|
| **Instability of the automotive market** | • Expanding personal auto leasing<br>• Strengthening initiatives targeting new products and new markets |
| **Changes in personal consumption trends due to soaring prices and rising interest rates** | • Full-scale initiatives that start with our customers<br>• Expanding B-to-C services |
| **Increasing demand for environmentally friendly products and services** | Linking with policy measures toward a decarbonized society |

## Value to Be Created and 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 customer life events. These include home renovation, tuition, driving license acquisition costs, bridal-related expenses, and more. We will continue to stay abreast of global and technological advancements and respond to 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.

Through our installment credit business, we are increasing customer convenience and helping to realize a decarbonized, recycling-oriented society by strengthening our web application function, promoting the shift to a paperless approach, promoting combined loans for environmentally friendly products in the EV market, and pursuing similar initiatives.
We will continue to remain intensely aware of various issues resulting from technological progress and societal changes as we provide the best possible products and services in line with the needs of our customers through our installment credit business.



# Credit Cards and Cash Loans Business

Main Products and Services

- Official cards
- Co-branded credit cards
- Business credit cards
- OBS

Managing Executive Officer and
Head of Credit Card & Payment Service Division

Yohei Senba



## Strengths

We plan to provide personalized services to approximately 11 million credit card users and approximately four million customers using our auto loans through our digital communication platform e-Orico, which underwent a complete overhaul. Moreover, we will create new experience value for our customers in various settlement situations by collaborating with Mizuho Bank, ITOCHU Corporation, and AEON Financial Service as well as by developing products and services utilizing digital technology, such as performance-based credit, which we were the first major credit card company to implement, digital cards on smartphones, and so on.

## Results and Topics for Fiscal Year 2023

We released a digital card that enables customers to use their smartphone to complete everything from the start of applying for the credit card to making a settlement in as little as five minutes. We are also engaged in efforts to transform the customer experience in various settlement situations, including reducing the number of required application items by developing a new assessment model and introducing touch settlement and QR code settlement.
In addition, last spring, we redesigned e-Orico, our platform for digitally communicating with customers. As a result, we achieved a highly readable, user-friendly design by focusing on making the service intuitive and easy to understand. We are also designing coupons and other content for members to encourage our customers to visit e-Orico.

### Market Environment Issues and Responses

| Issue | Response |
|---|---|
| **Enhancement of digital communications with credit card members / SMEs and further layering of transactions** | • Creating and providing new experience value to the consumer market by utilizing digital marketing and digital cards<br>• Creating new experience value for SMEs* by utilizing OBS |
| **Hardening of preventive measures against unauthorized credit card usage** | • Rapid fraud detection through IFINDS, which utilizes AI, and expanding the number of members registered for 3D Secure<br>• Displaying credit card numbers and other sensitive information on the back<br>• Immediately notifying members of credit card use via e-Orico and suspending such use |

*Small and Medium Enterprise

## Value to Be Created and Social Issues to Be Addressed Through Business Activities

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 help resolve this issue, we launched OBS, an invoice card settlement service for business-to-business transactions, and OBS Plus, an invoice agent service for handling the issuance of qualified invoices. We will continue striving to expand services that contribute to digitally transforming the accounting business of SMEs and individual business owners.

In the credit card industry, fraud is becoming more common, especially in online transactions. Strengthening fraud prevention measures is a society-wide challenge.
We are therefore pursuing initiatives to prevent fraudulent usage, including adding AI functions to our fraudulent usage detection system and enhancing our identity verification system. We are committed to our ongoing efforts to establish a structure that enables our customers to safely and securely use credit cards.

# Bank Loan Guarantee Business

Main Products and Services

- General-purpose loan guarantees
- Purpose-specific loan guarantees
- Card loan guarantees



Managing Executive Officer and
Head of Financial Institutions Division

Hitoshi Kasama

## Strengths

With over 40 years of experience in the bank loan guarantee business, our Company possesses credit expertise, highly sophisticated credit models that utilize AI, and a nationwide network of more than 560 affiliated financial institutions. We leverage these strengths to 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 collaborate with Mizuho Bank to ensure that we have a nuanced ability to respond to financial institutions, their clients, and individual customers as well as the ability to propose solutions that go beyond loan guarantees in response to managerial issues faced by financial institutions.

## Results and Topics for Fiscal Year 2023

We provided more products in line with the needs of affiliated financial institutions by implementing a market-in type of sales, thereby increasing our guarantee balance to 1.2523 trillion yen (+9% year on year).
In particular, we won a Nikkei Veritas Award at the 2023 Nikkei Superior Products and Services Awards for our Akikatsu Loans, which we provide in collaboration with AKIYA KATSUYO Co., Ltd. and regional financial institutions to help resolve regional issues. We will continue utilizing our nationwide network of affiliated financial institutions to contribute to the resolution of social issues and the revitalization of regional society.

**Market Environment Issues and Responses**

| Issue | Response |
|---|---|
| **Transitioning away from a business model that assumes the expansion of personal loans** | Continuing to develop new products in collaboration with financial institutions and expand our business areas while always emphasizing responding to the needs of customers and customer convenience over all else |

## Value to Be Created and Social Issues to Be Addressed Through Business Activities

We have made it possible to complete procedures related to women's-only loan products provided in collaboration with Ogaki Kyoritsu Bank on the web, thereby promoting women's empowerment and increasing the convenience of contract procedures.
We are also working on expanding our education-related products aimed at fleshing out the educational environment. For example, we have started handling education-card loans, which are products unified with four credit associations in Fukushima Prefecture, and are also engaged in other efforts to form alliances with regional financial institutions, help resolve customer issues, and revitalize the regional economy.

Due to Japan's shrinking population of people at the productive age, business operators face a serious problem in terms of trying to secure a labor force. We have therefore formed an alliance with YOLO JAPAN CORPORATION, a company that focuses on taking advantage of foreign personnel to resolve this issue, and we currently act as the sales partner for YOLO WORK, a job-posting service for which 260,000 foreign residents have registered. By introducing our services to client companies of our affiliated financial institutions throughout Japan that are struggling to secure a labor force, we are contributing to building a more sustainable region by resolving Japan's nationwide labor shortage.



# Settlement and Guarantee Business

Main Products and Services

- B2B payment services
- Guarantee factoring
- Business-related installment credit
- Small-lease guarantees
- Rent settlement guarantees



Managing Executive Officer and
Head of Corporate Solutions Division

Daisuke Horiuchi

## Strengths

For many years, we have taken advantage of our assessment and collection ability, which we have cultivated through various financial businesses over the course of our history, to conduct settlement and guarantee business in the B-to-B area as well. We also possess high-level product development ability due to our experience handling diverse trade and fund flows in various industries, and we have recently accelerated our initiatives utilizing digital technology.
We also boast a diverse range of points of contact with customers, including our nationwide sales branches as well as the networks of individual Mizuho Financial Group companies, which we use to differentiate ourselves from other companies by identifying the needs of corporate clients and precisely responding to client issues.

## Results and Topics for Fiscal Year 2023

The transaction volume of our accounts receivable settlement guarantee business grew to 239.4 billion yen (+15% year on year) as a result of both the strong performance of our existing alliance partners and the expansion in our new alliance partners. In terms of the small-lease business—for which needs have recently been increasing—we made Orico Business Leasing a consolidated subsidiary to strengthen our efforts in this field, thereby speeding up our decision-making, including expanding into new business areas.
Through our collaboration with Mizuho Bank, we also started providing cash-flow and operational-efficiency support by issuing business credit cards to the bank's SME clients and offering our card settlement service for business-to-business transactions (OBS).

**Market Environment Issues and Responses**

| Issue | Response |
|---|---|
| **Resolving the labor shortage due to the effects of Japan's declining birthrate and aging population** | Providing optimal solutions to contribute to the increased efficiency of both fund settlement business and sales |
| **Increasing credit protection needs due to more corporate bankruptcy** | Providing products that can handle diverse trade and fund flows |
| **Resolving the business succession problem, which is due to a lack of successors** | Providing solutions to handle business succession, asset inheritance, among others |

## Value to Be Created and Social Issues to Be Addressed Through Business Activities

We provide a pleasant, safe settlement environment to our affiliate companies through our accounts receivable settlement guarantee products. By providing support that helps to increase business efficiency and reduce non-collection risk while also providing credit and responding to the cashflow needs of SMEs and individual business owners—clients of our affiliate companies—we are contributing to regional revitalization. We are also actively promoting the transition to paperless or web-based approaches for applications and statements to contribute to the digital transformation of SMEs and resolution of environmental-protection issues.

Outside of the financial field, we recently formed a team possessing advanced specialized knowledge to respond to the issue of business succession, a major issue faced by SMEs in general. Through this team, we are taking on the challenge of providing optimal solutions in response to key management issues faced by SMEs, including business succession and asset inheritance.

# Overseas Business

Main Products and Services

・Auto loans



Managing Executive Officer and
Head of International Business Division

Toshiro Koroyasu

## Strengths

To help expand a sound automotive market in Southeast Asia—a region experiencing dramatic growth—we are promoting financial services that utilize auto-loan know-how cultivated in Japan. Aside from auto loans, we will also pursue initiatives that contribute to the economic development of each country and region through financial services in general, including striving to develop new businesses and products that utilize our know-how of Japanese credit card business, guarantee business, and credit collection while also expanding our business through our alliances with Mizuho Bank, ITOCHU Corporation, AEON Financial Service, and other organizations.

## Results and Topics for Fiscal Year 2023

Although the total transaction volume of our three overseas subsidiaries decreased year on year, primarily due to a decrease in our Thailand-based subsidiary's transaction volume, our operating revenues increased to 14.3 billion yen (+31.6% year on year) due to an increase in our operating asset balance and other factors. At the same time, our bad-debt related expenses also increased due to our delinquent receivables increasing more than we initially assumed as a result of the economic slump in various countries as well as our efforts to strengthen our management structure not keeping up with rapid business expansion. We are already strengthening our collection structure, working on improving the quality of our receivables through more rigorous credit standards, and further strengthening our governance structure and risk management. Going forward, we will contribute to the Group's development by taking advantage of the economic growth of Southeast Asia as we strive to achieve steady, sustainable growth of our overseas business.

**Market Environment Issues and Responses**

| Issue | Response |
|---|---|
| **Contributing to realize a decarbonized and circular society** | ・Investigating trends in Southeast Asia's market<br>・Strengthening our approach to EV manufacturers and new car dealers |
| **Creating new customer value through the use of financial expertise** | Providing high-quality financial services by developing a highly user-friendly app for customers by utilizing digital technology and reducing screening time |

## Value to Be Created and Social Issues to Be Addressed Through Business Activities

The various Southeast Asian countries where we do business are characterized by an expanding middle-income segment due to their economic development as well as rapid motorization. By developing and providing services tailored for each country in such regions, we will contribute to the development of the automotive market. We will focus on increasing our auto-loan transaction volume and creating a sound automotive market as we provide value to a wide range of customers by targeting the EV and charging-infrastructure markets, which are expected to expand.
In Indonesia, we will focus on expanding a sound automotive market—including implementing a certified used car system aimed at providing safe, secure used cars—to contribute to the realization of a recycling-oriented society by building a more sustainable region and promoting both vehicle reuse and a circular economy.

We are working on increasing customer satisfaction in relation to the auto loan application process in Southeast Asia by developing and providing a highly user-friendly app that utilizes digital technology, using AI to increase the sophistication of our credit scoring model and reduce the screening time, and pursuing similar initiatives.
We are also striving to increase our business efficiency by upgrading our mission-critical systems and utilizing a mobile app, among others, thereby working towards business that offers greater added value by strengthening our points of contact with customers and promoting digital transformation to develop a more rewarding workplace.




# Strong Alliance with Mizuho and ITOCHU Corporation

Mizuho and ITOCHU Corporation are major shareholders of the Company, and this bank and trading company are also crucial business partners that we have actively collaborated with for around 20 years, a relationship that represents one of our major strengths.
I believe our relationship with Mizuho is especially vital in terms of expanding our respective business areas, creating new business, and increasing our respective profits, all of which is facilitated by our ability to provide a wide range of products, including credit cards and accounts receivable settlement guarantees, in line with the needs of Mizuho Bank's powerful corporate clients and individual customers.

| Major Results of Collaboration with Mizuho | Major Results of Collaboration with ITOCHU Corporation |
|---|---|
| ・Operational-efficiency, financing support, and other kinds of support for Mizuho Bank clients through OBS (Orico Business payment for SME), business credit cards, accounts receivable settlement guarantees, guarantee factoring, and other services<br>・Enhancing the convenience enjoyed by individual customers through Mizuho Mileage Club (the Point) and card loan guarantees<br>・Business collaboration with and investment in startup companies<br>・Introduction of accounts-receivable-settlement-guarantee, auto-loan, shopping-credit, and other clients by Mizuho Bank<br>・Personnel exchange, among others | ・Introducing clients in the fields of accounts receivable settlement guarantees, auto loans, shopping credit, among others<br>・Collaboratively developing products with ITOCHU Group companies in the B-to-B guarantee business<br>・Developing and selling products for our customers in collaboration with joint-stock companies and ITOCHU Orico Insurance Services Co., Ltd.<br>・Personnel exchange, among others |




We will continue actively collaborating with Mizuho and ITOCHU Corporation in an effort to mutually enhance our corporate value. Note that details on what we consider a suitable governance structure for our major shareholders are provided on p. 89.

## Personnel Exchange

To support the autonomous career development of each of our employees, we provide knowledge, skill, and experience boosting opportunities to any employee who has a desire to proactively take on challenges, regardless of whether they are in house or not. As part of these efforts, we dispatch trainees to various Mizuho Financial Group, Inc. companies for around one to two years. The purpose of this is to provide employees of the Company with practical experience. In 2015, we also started dispatching employees to the ITOCHU International Inc. Silicon Valley Office to give them an opportunity to acquire information from a US-based company on the front line of fintech.

### The Effects of External Training! A Past Trainee Remarks on the Changes and Results

I applied to Mizuho Capital's external trainee program because I was looking for an opportunity to change my overly rigid values and infuse myself with some more flexible ideas. Once I actually started working there, I was stunned by everyone's passion and sense of speed as they worked to realize the vision and mission of their startup company. I was also inspired by their ability to think outside of the box, and I gained a new appreciation for the importance of lifelong learning when I saw how they approached learning about a new field.
I am currently engaged in the planning, formulation, and eventual implementation of inorganic strategies that utilize both investment from funds and M&A, and I can really feel how my venture-capital business experience has expanded my thinking and added new dimensions to my perspective.
I will continue trying to grow and learn as I pursue new possibilities.



Strategic Planning Dept.
Koichiro Kawakami

# Diversifying the Orico Group Portfolio

18 major Group companies both within and outside of Japan—including Orico Auto Leasing Co., Ltd., Orico Business Leasing Co., Ltd., and Orico Product Finance Co., Ltd., which we made into consolidated subsidiaries in fiscal year 2023—provide a diverse range of products and services as members of the Orico Group, thereby responding to customer needs and contributing to the development of society.
These Group companies have a close relationship with the Company, and they play a key role in diversifying our business portfolio. In addition, they possess outstanding specialized knowledge and experience in their respective fields. They will continue exploiting these strengths to provide optimal solutions to their customers as they collaborate with us to consider new approaches and strategies aimed at maximizing the related synergistic effects and ultimately improving the quality of their services and expanding their business.
This report focuses on the business of especially noteworthy Group companies and introduces their strengths and results for fiscal year 2023.

## Rent Settlement Guarantee Business

## Orico Forrent Insure Co., Ltd.

President and Representative Director
Yoshio Nakabayashi

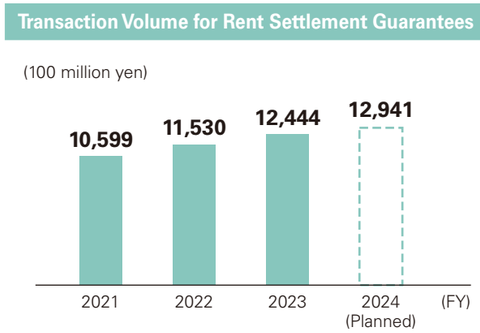
For details, please visit:
https://www.orico-fi.co.jp
(Japanese only)

Orico
株式会社オリコフォレントインシュア

### Strengths (Including Position Within the Group)

Thanks to our wealth of experience as a leader of the rent settlement guarantee industry for over 30 years as well as the Orico Group's high creditworthiness, many management companies use our services.
In addition to the Orico Group's diverse lineup of products designed in line with the needs of management companies, another one of our major strengths is our ability to provide services and create value by utilizing our nationwide network of member merchants and our alliances with Mizuho Bank and ITOCHU Corporation.

**Transaction Volume for Rent Settlement Guarantees**




*Including Orico's balance of rent settlement guarantees

### Results and Topics for Fiscal Year 2023

During our efforts to digitally transform the real estate industry, we promoted electronic applications and contracts by engaging in API collaboration with various electronic vendors and developing our own system (Insure NAVI), thereby increasing the convenience enjoyed by management companies and tenants.
In January 2024, we also started setting up the environment necessary for our future growth, including migrating our mission-critical systems to the cloud to make our infrastructure more flexible, developing products and fleshing out functions to expand our rent settlement guarantee business, and automating business to increase operational efficiency and lighten the administrative workload.

### Value to Be Created and Social Issues to Be Addressed Through Business Activities

Orico Forrent Insure aims to help realize a more secure society through the pursuit of initiatives that support residence and rental management related to tenants, lessors, and management companies, specifically by providing guarantees to handle the risk faced by lessors when people fall behind on their rent, such as in cases where it is difficult for prospective tenants to arrange for joint guarantors. The company is also developing products and services for young adults, elderly persons, and foreign residents in response to Japan's declining birthrate and aging population as well as the country's increase in foreign national workers due to the domestic labor shortage.



## Debt Collection Business

## ORIFA Servicer Corporation

President and Representative Director
Yasushi Maeda

For details, please visit:
https://orifaservice.co.jp
(Japanese only)

ORIFA SERVICER

### Strengths (Including Position Within the Group)

As an *on-site servicing company*, ORIFA Servicer utilizes the know-how it has been accumulating since it was founded and its unique network to conduct customer surveys as well as debt management and collection business. There are 72 companies throughout Japan (as of April 1, 2024) certified as debt management and collection companies (servicing companies) by the Minister of Justice, but only a few also handle customer surveys, which is a key reason why ORIFA Servicer is required and chosen by so many clients.

### Results and Topics for Fiscal Year 2023

ORIFA Servicer experienced research-business sales growth as a result of promoting the sales of its unique products, and, in March 2024, the company released its COMPASS system to provide greater convenience to clients.
The company also increased its client satisfaction as well as its ability to handle business as a company and its profitability by promoting the digitization and automation of its research business.

### Value to Be Created and Social Issues to Be Addressed Through Business Activities

ORIFA Servicer handles the transfer and contract collection of specified monetary claims to play a role in encouraging bad debt processing and related tasks, thereby enabling clients (claim assignment companies) to enhance their financial soundness by selling off bad debt for a fair price (getting it off their balance sheets). In addition, the company avoids the social problem of unreasonable collection by emphasizing counseling during its own debt collection and otherwise contributes to the development of a sound economic society.

## Debt Collection Business

## Japan Collection Service Co., Ltd.

President and Representative Director
Hiroshi Yokooji

For details, please visit:
https://japanservicer.co.jp
(Japanese only)

JCS 日本債権回収株式会社

### Strengths (Including Position Within the Group)

In 1999, Japan Collection Service became Japan's first debt collection company to obtain the permission of the Minister of Justice. This total servicing company occupies a position of trust in the industry and conducts a wide range of business, including medium and long-term overdue receivables purchasing and collection, guidance business contracts related to initially overdue receivables, business restoration support, and backup servicing. The company provides nuanced support to customers through its region-based sales structure, which includes eight branches throughout Japan, a servicing center, and a business center.

### Results and Topics for Fiscal Year 2023

Japan Collection Service accumulated assets to use as collection funds starting in fiscal year 2024, including new credit purchases at the 7-billion-yen level for the first time in seven years as well as a record-high purchased receivables balance of over 18 billion yen.
In addition, as a new initiative, the company is collaborating with a business restoration fund that Orico decided to invest in to take on the challenge of helping to resolve the problem of excessive corporate debt, which has become an issue for the regional economy.
The company also concluded a business outsourcing contract with The Cooperative Servicing Co., Ltd. to start providing information on the repayment of loans, among others from agricultural cooperatives and other organizations throughout Japan.

### Value to Be Created and Social Issues to Be Addressed Through Business Activities

As more and more SMEs throughout Japan go bankrupt, social expectations surrounding servicing companies, which are uniquely equipped to smoothly restore businesses, are increasing. Going forward, Japan Collection Service will collaborate with Mizuho Bank and Orico to take on the challenge of implementing full-scale initiatives to deal with business receivables, thereby responding to societal demands to help restore SMEs by facilitating the consolidation of their excessive debt and ultimately contributing to regional economic revitalization.

# Orico's Foundation


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# Conversation with External Directors



External Director
**Shigeaki Honjo**

External Director (Audit and Supervisory Committee Member)
**Yuuki Sakurai**

External Director (Audit and Supervisory Committee Member)
**Gan Matsui**

## Charting Orico's Course Under Its New Philosophy

The three External Directors engaged in robust dialogue that focused on two key areas: Orico's governance structure and management challenges, and their assessment of the newly formulated corporate philosophy.

### On Formulating the New Philosophy

**Matsui:** Orico has crafted a new philosophy, encapsulating its purpose as "Open the Future with You". A company's purpose is a vital component that embodies its character and ethos, and the idea of purpose-based management is gaining traction across the corporate landscape. Nearly three decades have passed since the 1995 philosophy was formulated. The social landscape, values, and lifestyles have transformed dramatically since then. Given Orico's current position, this new philosophy feels like a natural and necessary evolution.

**Honjo:** The most impressive aspect of this process was how it unfolded. Young employees, who represent the Company's future, took the lead in drafting the proposal. This was followed by a company-wide survey, then discussions among Executive Officers and the Board of Directors. This new philosophy reflects what the current generation of young employees sees as Orico's true purpose. It's forward-looking in that it envisions society 30 years from now and considers Orico's role within it, rather than just focusing on the present.

**Sakurai:** I share that sentiment. While many companies are reluctant to alter their core philosophy, I applaud the flexibility shown by adapting it in response to our changing world. Moving forward, it's crucial that we thoroughly embed this new philosophy across the entire organization, ensuring that even our newest recruits can grasp it.

**Honjo:** Besides the ease of understanding, Orico's unique identity is paramount as well. I see Orico's distinctiveness shining through in the decision to place "Embrace Integrity" at the forefront of the four values formulated alongside the new purpose.

**Sakurai:** I would say that the concept of integrity in the pursuit of business is somewhat abstract and difficult to understand.

**Matsui:** The integrity that Orico's values stand for isn't about justice in the legal sense, but about personal integrity. It embodies personal qualities like sincerity, honesty, and moral uprightness. It calls for more than just the passive uprightness of avoiding illegal actions; it demands a higher standard of conduct from all executives and employees at Orico. As External Directors, we must be vigilant in ensuring that all executives and employees truly understand this concept of integrity, internalize it, and instinctively use it as the foundation for all their actions.

**Honjo:** The concept of integrity is indeed complex, but in financial services, ethical missteps can trigger severe backlash. Ethical integrity isn't just important—it's our lifeline.

**Sakurai:** As Orico expands overseas, our challenge lies in instilling this concept of integrity across all our international executives and employees, given the varying ethical standards across different countries. We need a comprehensive strategy to propagate and embed this throughout the entire Orico Group—from our domestic operations and affiliates to all overseas executives and employees.

**Matsui:** Throughout my career in the judicial sphere, I've encountered numerous companies that have faced various crises. The common thread among these firms is their tendency to fixate on concealing immediate issues rather than aligning their responses with the company's ideal state. The integrity Orico pursues isn't about mere legal compliance; it's about fostering a pervasive culture of genuine integrity. By embodying this, Orico can avoid the pitfalls that have led to the downfall of other companies in the past. This is the kind of company I hope Orico will continue to be.

### Evaluation of the First Two Years of the Medium-Term Management Plan

**Sakurai:** With regard to the medium-term management plan, I'm impressed by how much progress we've made. While there are some slight deviations from the initial scenario due to M&As and partnerships, I don't think that's a problem at all. I commend the Company for tackling various challenges with an enterprising spirit. Even as we've hit the gas, we've also enhanced our braking mechanism by becoming a company with an Audit and Supervisory Committee, thus making our governance stronger. Unlike corporate auditors, Audit and Supervisory Committee members can not only apply the brakes, but adjust the direction somewhat as well. I believe we're making steady progress towards the vision outlined in our medium-term management plan.

**Matsui:** Over the past two years, we've strengthened our management foundation by separating the executive side from the supervisory side, as well as becoming a company with an Audit and Supervisory Committee. At the same time, I believe we've enhanced our human capital and internal control functions, such as the Comprehensive Risk Management Committee and the Compliance Committee. The Internal Auditing Group, which works in tandem with the Audit and Supervisory Committee, has had its personnel reinforced and expanded, aiding us in conducting organizational audits.

**Honjo:** I feel the direction set in our medium-term management plan—depart from the conventional credit sales model, and transform into a financial services group for a new era—is right on target. While we're only halfway there and haven't yet met our goal of improving our revenue structure, we've made significant strides in transforming into a new financial services group through DX and collaborations with different industries. Among our priority markets, the settlement and guarantee business is progressing as planned, but our overseas business seems to be struggling with increased loan loss provisions. Overall progress is mixed. Our founder business, the installment credit business, will have to wait a little longer before the effects of its structural reforms can be demonstrated in numerical terms. Although they're just beginning to bear fruit, I'm excited about the interesting developments of three digital initiatives in particular: AI-based credit scoring, DX support for SME, and investment in an Indonesian fintech company.

**Sakurai:** In terms of cybersecurity measures, we can expect developments in areas such as 3D Secure and biometric authentication, with plenty of room for research. As we look towards the next medium-term management plan, it would be good to have forward-thinking discussions about how to lay the groundwork over the next three years. In general, credit companies have two different types of personnel working in two different areas: the financial institution element and the credit assessment element. Promoting personnel exchanges between these areas could be an opportunity to break down old habits.

**Matsui:** From a management foundation perspective, I think one of the pillars of the next medium-term management plan should be developing and utilizing human capital that can handle new businesses, including overseas ventures. Orico has a lot of talented female employees. I hope we can transform into an organization where they can make the most of their abilities and see female Internal Directors appointed in the near future.

### Sustainability Management

**Honjo:** The key to sustainability management is striking the right balance between social value and business value. Even initiatives with significant social impact need to be assessed for their impact on the bottom line - this is a key management concern.

**Sakurai:** Even in sustainability-focused management, we can't ignore profitability. When it comes to Akikatsu, while Orico values the credit business aspect, I believe it's fine to

always maintain an open stance and collaborate with a diverse array of partners while also being willing to end partnerships once mutual goals are sufficiently met.

**Honjo:** It's thanks to our strong foundation in the credit business that Orico was able to pioneer performance-based credit in the industry. I sense there are many intriguing ideas within Orico. The challenge now is turning these into profitable ventures.

**Sakurai:** Sustainability isn't just about societal impact—it's about ensuring the company's longevity. Rather than clinging to the same business model indefinitely, true sustainability management involves identifying seeds for future business among society's evolving needs and responding dynamically to stakeholder expectations.

**Matsui:** Essentially, whether we're individuals or corporations, as members of society, we need to think beyond our immediate interests. It's important that we aim to create a positive feedback loop that generates value for the next generation of society. After all, sustainable companies can't exist without a sustainable society.

**Sakurai:** Looking 30 years ahead, it's impossible to predict exactly how lending and digital technology will evolve. Yet Orico is already financing cutting-edge businesses we can barely imagine and developing initiatives such as Akikatsu that address societal needs. I hope they continue to leverage this innovative spirit and channel it directly into their business operations.

**Honjo:** Absolutely. Orico's scope extends beyond consumer credit to include corporate services. I find it fascinating how they're exploring and discussing ways to apply Orico's strengths in new areas.




## Challenges Within the Governance Structure

**Matsui:** Orico's governance is clearly moving in the right direction. Our transition to a company with an Audit and Supervisory Committee has aligned our actions with the spirit of the law, and Board discussions have become incredibly dynamic. Not only are External Directors vocal, but Internal Directors have also begun to speak up more as well. Our comprehensive skills matrix is being utilized more effectively, enhancing the Board of Directors' strategic direction-setting and oversight functions as envisioned by law.

**Honjo:** You're right, our governance has improved dramatically. If I had to pinpoint an area for improvement, it would be strengthening Group governance as we expand our number of subsidiaries.

**Matsui:** Absolutely. The Audit and Supervisory Committee is acutely aware of this Group governance issue, and the Company has made a bold move by appointing a Senior Managing Director to head the Internal Auditing Group. We're tackling this challenge with a shared sense of urgency across the Company.

**Sakurai:** When we consider the balance between driving business expansion and applying the brakes through internal audits, the Board of Directors itself has made significant strides. However, our human resource development hasn't quite kept pace with our operational expansion, leading to talent shortages. Moving forward, nurturing our human capital may be our most pressing challenge.

**Matsui:** Our key role is to skillfully balance offensive and defensive governance, ensuring the company progresses on the right track.

**Honjo:** In theory, I think it would be beneficial if we could dedicate more time to discussing medium- and long-term courses of action during Board meetings.

**Sakurai:** We could streamline Board materials and analysis. Additionally, when issues arise, it would be helpful to present multiple solution scenarios, labeling them Scenario 1, Scenario 2, and so on.

**Honjo:** I couldn't agree more. I see two types of agenda items at Board meetings: reviewing business performance metrics such as operating revenues, and discussing medium- to long-term issues such as sustainability. For the former, our reporting is often excessively detailed and over-analyzed. I worry that when we get to the "What should we do?" stage, we're not diving deep enough into discussions about our essential medium- to long-term direction.




**Matsui:** The way we organize agenda items, materials, and explanations has certainly improved since I first joined as an External Director. The sheer volume of materials may indeed be overwhelming. For major discussions, like changes to our business portfolio, we might consider holding focused offsite meetings with Board members to exchange ideas more freely.

**Honjo:** Regarding the absence of female Internal Directors, I believe we need to develop a talent strategy that specifically addresses this within the Company.

**Sakurai:** While we're seeing excellent women emerge in the ranks, it's undeniable that men tend to be promoted faster among those who joined in the same year. That's where we should start making changes.

**Matsui:** For companies in the financial industry, people are the capital. I hope the company will attract talent with strong language skills and resilience in diverse environments, both from within and outside the Company, for our overseas operations. We should also learn more about women's advancement from pioneering companies. Looking ahead to the next 30 years, companies that fail to empower women will inevitably decline. In the legal world, gender-equal promotions have become established as part of the culture and are now the norm. It's also now common for men to take up to six months of parental leave. Without these kinds of reforms, society cannot function. It's management's job to organize our workforce based on this reality. We need to transform ourselves not just by offering positions, but by overhauling the Company's infrastructure and work culture.

**Sakurai:** I think if we could show more interest in initiatives from companies outside our industry, this would invigorate our internal discussions. Instead of defaulting to how we've always done things, we should nurture each individual's innate curiosity. This approach will naturally enhance everyone's skills.

**Honjo:** We also need to deepen our insights into Asian and other overseas markets, as well as strategize on how to elevate Orico's reputation in Asia.

## Aspirations for Orico

**Matsui:** The Nikkei Shimbun's April 1, 2024 feature, "Dreams are the Driving Force of Growth", resonates deeply with Orico's new purpose. I hope that Orico, which upholds "Open the Future with You" as its purpose, will become a company that works together with its customers and society to realize "the dream" that is the driving force of growth for customers and society.

**Honjo:** When the market senses a company's exciting potential and growth trajectory, expectations naturally soar. It's crucial that we swiftly showcase emerging business domains, such as those sprouting from our DX initiatives, to the market as our next pillars of growth. Realistically, it may take two to three years for these to become revenue mainstays. In the interim, it's vital that our existing business lines maintain their footing and continue to drive revenue. The structural reform of our installment credit business is a monumental undertaking. However, if we approach this reform as an opportunity, I believe it can spark the creation of innovative installment credit services.

**Sakurai:** Under our new philosophy, if we can empower our younger talent to spearhead new projects and bring their visions to life, I believe it will energize the Company from the ground up, enhancing our appeal in terms of talent recruitment as well. Naturally, not every idea emerging from the grassroots will be perfect, but I hope we'll cultivate an environment that encourages continuous innovation. What has been achieved in formulating the new philosophy must now be carried forward in our business. I hope that our Company will become an organization where everyone reassures each other that it is all right to make mistakes, and where we can engage in mutual improvement.



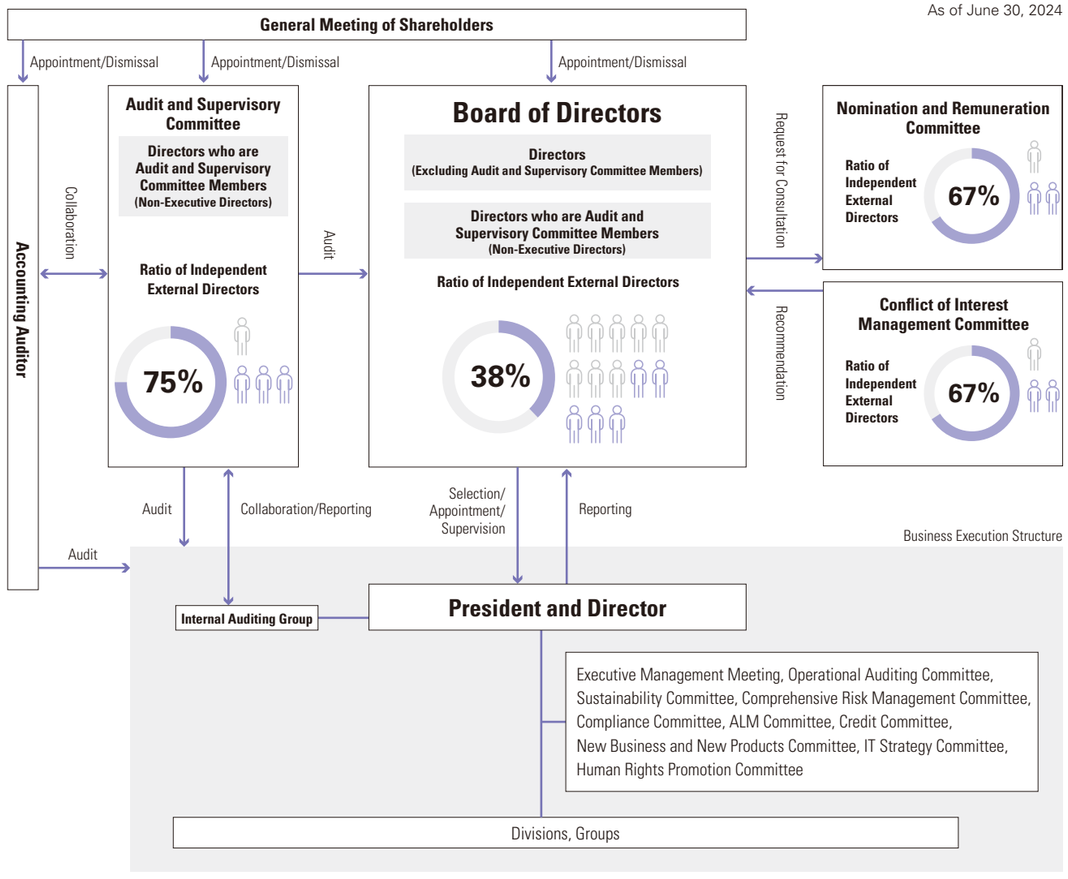
# Corporate Governance

## Basic Views

Amid expectations of rapid changes in the economic environment, the Company is strengthening the Board of Directors' strategy formulation and supervision functions while maximizing the delegation of important business execution decisions from the Board to the President and Director to enhance the agility of business execution, with the aim of achieving sustainable growth.
We will continue to work on constantly improving governance as a Prime Market-listed company while considering social indicators such as Japan's Corporate Governance Code (the Code) and Guidelines for Investor and Company Engagement.

### Overview of Corporate Governance Structure

As of June 30, 2024




| | Number of Meetings Held (Average Attendance Rate) | | | | |
|---|---|---|---|---|---|
| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
| Board of Directors | 13 times (99%) | 13 times (96%) | 13 times (98%) | 16 times (98%) | 16 times (99%) |
| Nomination and Remuneration Committee | 3 times (100%) | 7 times (100%) | 6 times (100%) | 5 times (100%) | 6 times (100%) |
| Conflict of Interest Management Committee | — | — | Newly established in June 2022 | 2 times (100%) | (There were no applicable cases and no meetings were held) |
| Audit and Supervisory Committee | — | — | | 14 times (99%) | 24 times (98%) |
| Board of Corporate Auditors | 16 times (97%) | 17 times (96%) | 17 times (98%) | 3 times (93%) | —* |

*Abolished in June 2022 with transition to a company with an Audit and Supervisory Committee

### Initiatives to Enhance Corporate Governance

| | Reference: TSE Trends | Organizational Design, among others | Policies and Measures | Independent External Directors on the Board of Directors* |
|---|---|---|---|---|
| 2015–2016 | Publication of the Code | | Established Basic Views and Basic Policies on Corporate Governance | 2 (15%) |
| 2017–2018 | Revision of the Code | Nomination and Remuneration Committee established | Began evaluation of Board effectiveness | 2 (15%) |
| 2019–2020 | | | Strengthening delegation of authority from the Board of Directors to the President and Director | 3 (23%) |
| 2021 | Revision of the Code | | Established Policy on Internal Audits and Business Continuity Management Basic Policy | 3 (23%) |
| 2022 | TSE market restructuring | Transition to a company with an Audit and Supervisory Committee, and establishment of the Conflict of Interest Management Committee | Formulation of Basic Policy on Capital Structure and Basic Policy on Business Portfolio<br>Strengthening delegation of authority from the Board of Directors to the President and Director | 5 (38%) |
| 2023 onward | | | Established Information Disclosure Basic Policy, Human Rights Basic Policy, Environmental Basic Policy, among others | 5 (38%) |

*As of the end of June each year

### Overview of the Board of Directors, Audit and Supervisory Committee, and Advisory Committees Directly Under the Board of Directors

#### Board of Directors

We emphasize strategy formulation and supervision functions, with the aim of balancing knowledge, experience, and ability as well as diversity and appropriate size for the Board of Directors as a whole. To this end, we have clarified the skills matrix showing the skills the Board of Directors should possess and set the ratio of Independent External Directors to be at least one-third.

#### Audit and Supervisory Committee

Composed only of Non-Executive Directors, with all of the External Directors, who form the majority, being Independent External Directors.
In addition to receiving reports from the business execution divisions, it audits the legality and appropriateness of business execution through close cooperation with the Internal Auditing Group and other relevant parties.

#### Nomination and Remuneration Committee

As an advisory body to the Board of Directors, it consists of three members: one Internal Director and two Independent External Directors.
It deliberates on matters relating to the appointment and remuneration of Officers, as consulted by the Board of Directors.

#### Conflict of Interest Management Committee

As an advisory body to the Board of Directors, it consists of three members: one Internal Director and two Independent External Directors. It deliberates on important transactions with major shareholders (Mizuho Bank, Ltd. and other companies of Mizuho Financial Group, Inc.) holding over 40% of shares.

#### Message from a Director

In addition to indicating the medium- to long-term direction of management and formulating business strategies, it is important for the Board of Directors to support swift and decisive risk-taking by management while conducting highly effective supervision. We will strive to enhance the effectiveness of the Board of Directors and work toward Orico's sustainable growth and the enhancement of corporate value.



Shigeaki Honjo
(Independent External Director)
Tenure on the Board: 2 years

#### Message from an Audit and Supervisory Committee Member

The Audit and Supervisory Committee audits the legality and appropriateness of business execution through close cooperation with the Internal Auditing Group and other relevant parties.
Through organizational audits, we will strengthen the supervision functions of the Board of Directors and enhance Orico's corporate value by sharing our findings with the executive division.



Yuuki Sakurai
(Independent External Director)
Committee tenure: 2 years

#### Message from a Nomination and Remuneration Committee Member

The appointment and dismissal of Officers is one of the most important decisions for a company, requiring a skill set based on management strategy and a transparent process. Constructing a compensation system is similarly important. We will strive to ensure that it provides appropriate incentives for achieving business plans in accordance with the roles and responsibilities of Officers.



Kazumi Nishino
(Independent External Director)
Committee tenure: 2 years

#### Message from a Conflict of Interest Management Committee Member

For Orico, listed on the TSE Prime Market, transactions with major shareholders such as Mizuho Bank require a high level of transparency and fairness. For this reason, the Conflict of Interest Management Committee carefully deliberates on the appropriateness of important transactions between the two parties and makes recommendations to the Board of Directors.



Gan Matsui
(Independent External Director)
Committee tenure: 2 years

## Board of Directors Skills Matrix

### Skills the Company's Board of Directors Should Possess

The Company places emphasis on the Board of Directors' strategy formulation and supervision functions, with the aim of balancing knowledge, experience, and ability as well as diversity and appropriate size for the Board as a whole.
Additionally, to realize our business with placing "sustainability" at the core of our management, and to strive achieving a balance between creating social value and enhancing corporate value through our business, as stated in our medium-term management plan, we have identified the following eight skills that our Board of Directors should possess:

1) Corporate management
2) Sustainability
3) Business insights
4) Finance and accounting
5) Governance, risk management, legal affair, and compliance
6) Research and development, academic knowledge
7) Digital security
8) International business

| | | |
|---|---|---|
| Foundation | **Corporate Management** | We believe this is necessary for the Board of Directors to formulate strategies, take appropriate risks, and provide highly effective supervision. |
| | **Sustainability** | We believe this is necessary for the Company, which places sustainability at the core of its management. |
| | **Business Insights** | We believe this is necessary for executing a key strategy (business portfolio management) of the medium-term management plan. |
| | **Finance and Accounting** | We believe this is necessary for executing a key strategy (financial discipline and capital policy) of the medium-term management plan. |
| | **Governance, Risk Management, Legal Affair, and Compliance** | This skill is necessary for supervising fair corporate activities and sound business operations, and is also required for executing a key strategy (management foundation) of the medium-term management plan. |
| | **Research and Development, Academic Knowledge** | This skill is necessary for capturing new business opportunities in response to various environmental changes, and is also required for executing a key strategy (creation of new services through collaboration with other industries and leading-edge companies) of the medium-term management plan. |
| Strategy | **Digital Security** | This is an important skill for technology development, business development, and addressing cyber threats, and is also necessary for promoting DX in the medium-term management plan. |
| | **International Business** | We believe this is necessary for the strategy of overseas business, which is positioned as a priority market in a key strategy (business portfolio management) of the medium-term management plan. |

### Skills Matrix for Directors and Composition of Voluntary Advisory Committees

| | | | Gender (Male: M / Female: F) | Tenure | Independent External Director | Foundation | | | | | | | Strategy | | Nomination and Remuneration Committee | Conflict of Interest Management Committee |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Corporate Management | Sustainability*2 | | Business Insights | Finance and Accounting | Governance, Risk Management, Legal Affair, and Compliance | Research and Development, Academic Knowledge | Digital Security | International Business | | |
| Directors | Internal | Masaaki Kono | M | 8 years | | ++ | ++ | | ++ | ++ | ++ | | | | | |
| | | Tetsuo Iimori | M | 4 years | | ++ | ++ | | ++ | ++ | ++ | | | | ++ | ++ |
| | | Makoto Umemiya | M | — | | ++ | + | | | ++ | | | ++ | ++ | | |
| | | Ichiro Watanabe | M | 2 years | | | + | | | | | | ++ | ++ | | |
| | | Makoto Nakanishi | M | — | | | + | | ++ | | ++ | | | | | |
| | | Chiharu Higuchi | M | 7 years | | | + | | ++ | | | | | ++ | | |
| | | Tetsuro Mizuno | M | 2 years | | | + | | ++ | ++ | ++ | | | | | |
| | External | Kazumi Nishino | F | 5 years | ++ | | + | | | | | ++ | | | ++ | |
| | | Shigeaki Honjo | M | 2 years | ++ | | + | | | | | ++ | ++ | | | ++ |
| Directors (Audit and Supervisory Committee Members) | Internal | Yuji Fukasawa | M | 5 years*1 | | | + | | ++ | ++ | ++ | | | | | |
| | External | Yuuki Sakurai | M | 8 years*1 | ++ | ++ | + | | | ++ | ++ | | | ++ | | |
| | | Gan Matsui | M | 7 years*1 | ++ | | + | | | | ++ | ++ | | | ++ | ++ |
| | | Yuka Ogasawara | F | — | ++ | | + | | | ++ | | | | ++ | | |

*1 Includes time served as Auditor. *2 Reflects our determination to work together as a united Board of Directors, with the President and Director taking the lead, to position sustainability as the core axis of our management, aiming to balance social value and corporate value

**Independence Standards for Independent External Directors**

In the Company's judging that an External Director is independent, the requirement is that none of the following apply to the External Director:

1. A person who is not, either currently or for the last 10 years, an executive director, executive (or *shikkoyaku*), executive officer, manager or any other staff of the Company or its parent company, fellow companies or subsidiaries (the "Business Executive") or a director who is not a Business Executive of the parent company;
2. Of companies or other entities which are clients of the Company or its subsidiaries (the "Company Group"), a person who is, currently and for the last three years, the Business Executive of the client of which an annual transaction amount in any of the most recent three business years exceeds 2% of consolidated net sales(*) of the Company or consolidated net sales of the client;
   (*) Consolidated net sales: For the Company, it means consolidated operating revenue.
3. Of financial institutions from which the Company Group borrows funds, a person who is the Business Executive of the financial institution of which the outstanding balance of borrowings at the most recent business year-end exceeds 2% of consolidated total assets or consolidated financing balance of the Company or 2% of consolidated total assets of the financial institution;
4. At the most recent business year-end of the Company, a person who is a shareholder holding 10% or more of shares as a voting rights basis under its own or other name (if the shareholder is an organization such as a corporation and an association, the Business Executive or executive member, or board member who belongs to the organization and any other person similar thereto);
5. In the cases where a person is a professional who obtains money or any other assets than compensation of directors and other officers from the Company Group, such as a consultant, tax accountant, accountant, lawyer, judicial scrivener and patent attorney, if the person who obtains the assets is an individual, the person who receives 10 million yen or more as an annual average for the most recent three business years or if the person who obtains the assets is an organization such as a corporation and an association, the person who receives 10 million yen or more or 2% or more of consolidated gross sales of the organization as an annual average for the organization's most recent three business years, whichever is higher;
6. From the Company Group, a person who receives donations or similar thereto of which an annual average amount for the past three business years exceeds 10 million yen or 30% of annual total costs of the person, whichever is higher (if the person who obtains the assets is an organization such as a corporation and an association, the person who belongs to the organization);
7. Any other person who is judged by the Company that there may be permanent and substantive conflicts of interest with general shareholders of the Company for reasons other than those considered in each item above; and,
8. A close relative (spouse or relative within the second-degree of kinship) of a person who falls under either (1) or (2) below (excluding staff who are not important)
   (1) A person who falls under any of items 1. to 7. above; or
   (2) A Business Executive of the Company Group and a director who is not a Business Executive of the Company Group.

# Members of the Board of Directors (as of June 30, 2024)




## Directors

**1**

**Chairperson and Director, Chairperson Executive Officer**

### Masaaki Kono

Shares Owned: 7,420 shares

1979.4 Joined Mizuho Bank, Ltd.
2013.7 Deputy President, Executive Officer of Mizuho Financial Group, Inc.
2016.4 Joined Orico
2016.6 Appointed President and Representative Director, President Executive Officer of our Company
2020.6 Appointed and currently serving as Chairperson and Director, Chairperson Executive Officer of our Company

**2**

**President and Representative Director, President Executive Officer**

### Tetsuo Iimori

Shares Owned: 5,320 shares

1984.4 Joined Mizuho Bank, Ltd.
2017.4 Appointed President and Representative Director of Mizuho Trust & Banking Co., Ltd.
2020.4 Joined Orico
2020.4 Appointed President Executive Officer of our Company
2020.6 Appointed and currently serving as President and Representative Director, President Executive Officer of our Company

**3**

**Executive Vice-President and Director, Executive Vice-President Executive Officer**

### Makoto Umemiya

Shares Owned: 0 shares

1987.4 Joined Mizuho Bank, Ltd.
2023.4 Director, Deputy President & Senior Executive Officer (Representative Executive Officer) and Group CDO of Mizuho Financial Group, Inc.; Deputy President & Executive Officer, CDO of Mizuho Bank, Ltd.; Deputy President & Executive Officer, CDO of Mizuho Trust & Banking Co., Ltd.
2024.4 Joined Orico
2024.4 Appointed Executive Vice-President Executive Officer of our Company
2024.4 Appointed and currently serving as Supervisor of Corporate Strategy Group, Supervisor of Finance Group of our Company
2024.6 Appointed and currently serving as Executive Vice-President and Director, Executive Vice-President Executive Officer of our Company

*Number of shares owned is as of March 31, 2024.

**4**

**Representative Director, Senior Managing Executive Officer**

### Ichiro Watanabe

Shares Owned: 500 shares

1983.4 Joined ITOCHU Corporation
2022.5 Joined Orico
2022.6 Appointed and currently serving as Representative Director, Senior Managing Executive Officer of our Company
2022.6 Appointed Supervisor of Digital Marketing Group, Supervisor of IT System Group of our Company
2024.4 Appointed and currently serving as Head of Internal Auditing Group of our Company

**5**

**Director, Senior Managing Executive Officer**

### Makoto Nakanishi

Shares Owned: 1,750 shares

1988.4 Joined Orico
2024.4 Appointed Senior Managing Executive Officer of our Company
2024.4 Appointed and currently serving as Supervisor of Business Promotion Division, Supervisor of Corporate Solutions, Division, In charge of Business Coordination & Administration Dept. of our Company
2024.6 Appointed and currently serving as Director, Senior Managing Executive Officer of our Company

**6**

**Director, Managing Executive Officer**

### Chiharu Higuchi

Shares Owned: 1,640 shares

1984.4 Joined ITOCHU Corporation
2017.6 Joined Orico
2020.6 Appointed and currently serving as Director, Managing Executive Officer of our Company
2023.4 Appointed Head of Operation Group of our Company
2024.4 Appointed and currently serving as Supervisor of Operation Group, Supervisor of Credit Collection Group of our Company

**7**

**Director**

### Tetsuro Mizuno

Shares Owned: 20,790 shares

1982.4 Joined Mizuho Bank, Ltd.
2010.1 Joined Orico
2022.4 Appointed Head of Risk Management Group of our Company
2022.6 Appointed Director, Senior Managing Executive Officer of our Company
2024.3 Appointed and currently serving as Director of our Company
2024.3 Appointed and currently serving as Chairperson and Director of Orico Product Finance Co., Ltd.

**8**

**External Director**

### Kazumi Nishino

Shares Owned: 2,090 shares

1992.4 Joined Fuji Photo Film Co., Ltd.
2017.4 Associate Professor at Graduate School of Commerce and Management, Hitotsubashi University
2019.6 Appointed and currently serving as Director of our Company
2019.6 Appointed and currently serving as Outside Director of Furukawa Co., Ltd.
2022.4 Currently serving as Professor at Graduate School of Business Administration, Hitotsubashi University

**9**

**External Director**

### Shigeaki Honjo

Shares Owned: 300 shares

1979.4 Joined Fujitsu Limited
2012.6 Appointed President and Representative Director of Fujitsu Research Institute, Limited
2022.6 Appointed and currently serving as Director of our Company

## Directors (Audit and Supervisory Committee Members)

**10**

**Director (Audit and Supervisory Committee Member)**

### Yuji Fukasawa

Shares Owned: 6,790 shares

1980.4 Joined Mizuho Bank, Ltd.
2007.4 Joined Orico
2007.6 Appointed Managing Executive Officer of our Company
2017.4 In charge of Risk Management Group of our Company
2019.6 Appointed Corporate Auditor (full-time) of our Company
2022.6 Appointed and currently serving as Director (Audit and Supervisory Committee Member) of our Company

**11**

**External Director (Audit and Supervisory Committee Member)**

### Yuuki Sakurai

Shares Owned: 0 shares

1976.4 Joined Fukoku Mutual Life Insurance Company
2009.6 Appointed President and Representative Director of Fukoku Capital Management, Inc.
2016.6 Appointed Corporate Auditor of our Company
2022.4 Appointed Director, Deputy President Executive Officer of Fukoku Mutual Life Insurance Company
2022.6 Appointed and currently serving as Director (Audit and Supervisory Committee Member) of our Company
2024.4 Appointed and currently serving as Director of Fukoku Mutual Life Insurance Company

**12**

**External Director (Audit and Supervisory Committee Member)**

### Gan Matsui

Shares Owned: 5,290 shares

1980.4 Appointed Public Prosecutor
2015.1 Became Superintending Prosecutor of Fukuoka High District Public Prosecutors Office
2016.11 Registered as an attorney with the Japan Federation of Bar Associations (affiliated with Tokyo Bar Association)
2016.11 Currently serving at Yaesu Sogo Law Office
2017.6 Appointed Corporate Auditor of our Company
2018.6 Appointed and currently serving as External Audit & Supervisory Board Member of NAGASE & CO., LTD.
2018.6 Appointed and currently serving as Outside Audit & Supervisory Board Member of Totetsu Kogyo Co., Ltd.
2018.6 Appointed and currently serving as Outside Director (Audit & Supervisory Committee Member) of GLOBERIDE, Inc.
2022.6 Appointed and currently serving as Director (Audit and Supervisory Committee member) of our Company
2023.3 Appointed and currently serving as Outside Director of Dentsu Group Inc.

**13**

**External Director (Audit and Supervisory Committee Member)**

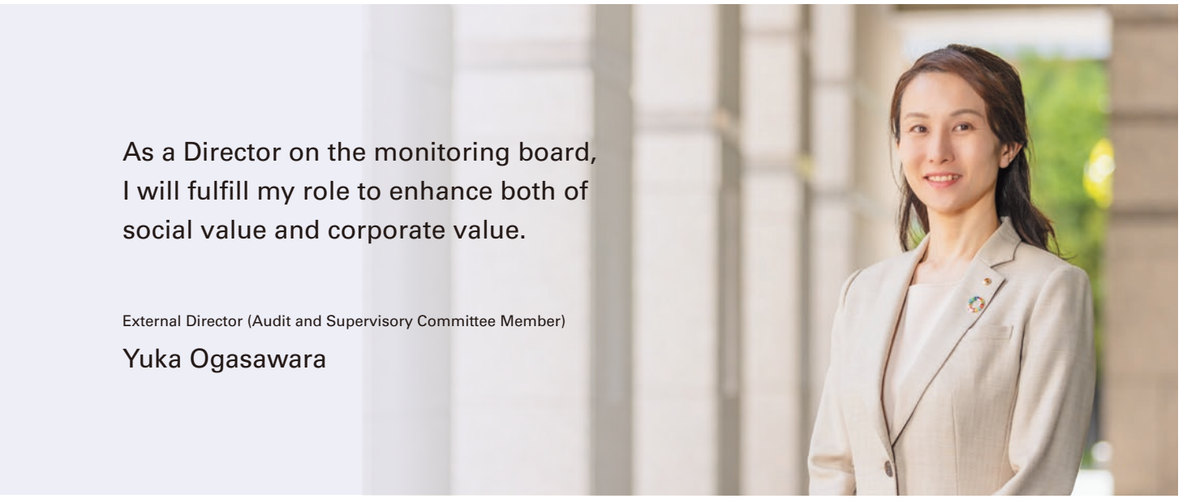
### Yuka Ogasawara

Shares Owned: 0 shares

1999.4 Joined Japan Bank for International Cooperation
2022.5 Appointed and currently serving as Outside Auditor of Rennovater Co., Ltd.
2022.6 Appointed and currently serving as Outside Director of Nissin Foods Holdings Co., Ltd.
2023.4 Appointed and currently serving as Director of Fujimura Research and Consulting, Co., Ltd.
2024.6 Appointed and currently serving as Director (Audit and Supervisory Committee Member) of our Company
2024.6 Appointed and currently serving as External Director of RYODEN corporation

For details on the background and reasons behind the nomination/appointment of our Directors, as well as information on Executive Officers, please refer to "Management".
https://orico.jp/en/officer

## Message from a New External Director



As a Director on the monitoring board, I will fulfill my role to enhance both of social value and corporate value.

External Director (Audit and Supervisory Committee Member)

Yuka Ogasawara

### Evolution of the Board of Directors as a Monitoring Board

About 10 years have passed since the Tokyo Stock Exchange published Japan's Corporate Governance Code. This Code outlines five general principles aimed at sustainable growth of companies and enhancement of corporate value over the medium to long term. One of these principles, "Responsibilities of the Board", calls for establishing a system that can determine strategic direction and take risks, as well as conduct highly effective supervision. Orico is continuously working to evolve the responsibilities of the Board of Directors in line with this concept.

In particular, I believe a key point was our transition to a company with an Audit and Supervisory Committee in June 2022. This change strengthened the Board's strategy formulation and supervision functions while maximizing delegation of important business execution decisions from the Board to the President and Director, thus enhancing the agility of business execution.

However, frameworks alone are insufficient; it is crucial to both ensure and improve effectiveness. As an External Director, my role is to objectively evaluate matters from an external shareholder perspective and propose areas for improvement. As Orico's Board of Directors evolves into a more effective monitoring board responsible for strategy and supervision, I will continue to offer evaluations and suggestions for improvement to maximize its effectiveness.

### Realizing Orico's Human Resources Strategy and Inclusion & Diversity

Orico is a large organization with over 9,000 Group executives and employees. To value these people who support Orico, we completely revised our Human Resources Basic Policy by Board resolution, newly established an Inclusion and Diversity Basic Policy and Health Management Basic Policy, and are implementing measures in line with these.

For example, Orico's female manager ratio of 27.6% (fiscal year 2023) is certainly not low for a listed company. However, what's important is fostering a culture where executives and employees with diverse values can freely exchange frank opinions without hesitation. Steady achievement of indicators such as promoting work style reforms, increasing female manager ratios, and improving male childcare leave ratios is vital. However, most crucial is to create an effective environment and culture where executives and employees can feel satisfied in their work. I will leverage my experience to propose additional initiatives.

### Toward Sustainable Growth

We have established a new Corporate Philosophy as the highest-level concept applicable to the entire Orico Group, with Purpose serving as our reason for existing and our mission, and Value referring to our cherished values. This philosophy is extremely important for Orico's future and sustainable growth. Rather than simply enshrining it, it should be constantly reflected upon and serve as a launching point for various strategies. My expertise lies in impact finance and corporate sustainability. I believe companies that can achieve both social value and corporate value enhancement, rather than just pursuing ideals, will survive. Forward-thinking companies have already realized this and begun initiatives. As a member of the Board of Directors, I wish to fulfill my role as an External Director with an outside perspective while maintaining these views and offering appropriate evaluation, supervision, and proposals on these points.



## Director Compensation

### Compensation Philosophy

The compensation of the Company's Directors (excluding Non-Executive Directors, External Directors, and Directors who are Audit and Supervisory Committee Members) consists of title-based fixed compensation based on their roles and responsibilities, and performance-linked compensation that fluctuates in amount based on factors such as company performance, to function as a sound incentive for enhancing business performance and corporate value over the medium to long term. The performance-linked compensation is composed of cash compensation and stock compensation.

In addition, the compensation of Non-Executive Directors, External Directors, and Directors who are Audit and Supervisory Committee Members consists of fixed compensation and non-performance-linked stock compensation, taking into consideration their job responsibilities.

The compensation of Executive Officers follows a system similar to that of Directors (excluding Non-Executive Directors, External Directors, and Directors who are Audit and Supervisory Committee Members).

| | Payment Method | Payment Timing | Payment Ratio | | |
|---|---|---|---|---|---|
| | | | President and Director | Directors and Executive Officers (Excluding Non-Executive Directors, External Directors, and Directors who are Audit and Supervisory Committee Members) | Non-Executive Directors External Directors Directors who are Audit and Supervisory Committee Members |
| **Fixed Compensation** | Cash | Monthly | 60% | 60-70% | Approx. 90% |
| **Performance-Linked Compensation**[*1] | Cash | Following fiscal year | 20% | 20% | — |
| | Shares (BBT-RS[*2]) | 80% for the following fiscal year, 20% upon retirement | 20% | 10-20% | — |
| **Non-Performance-Linked Compensation** | Shares (BBT-RS[*2]) | 80% for the following fiscal year, 20% upon retirement | — | — | Approx. 10% |

*1 The performance-linked compensation fluctuates based on operating results of the overall company and performance of an individual. Specifically, the compensation amount is determined by multiplying a title-based standard amount by a payment rate, which varies within the range from 0% to 150% based on evaluations of operating results of the overall company and performance of an individual. The Company uses consolidated ordinary profit and other factors as indicators concerning operating results of the overall company. The Company decides payment rates corresponding to the indicators by using factors such as plan-to-actual and year-on-year comparisons.

*2 The stock compensation is a stock reward system called the "Board Benefit Trust Restricted Stock (BBT-RS)". The BBT-RS uses money contributed by the Company as funding resources, acquires the shares of the Company through the trust, and provides these shares and money that is equivalent to an amount of cash converted by a market price through the trust.

### Total Amount of Compensation for Fiscal Year 2023

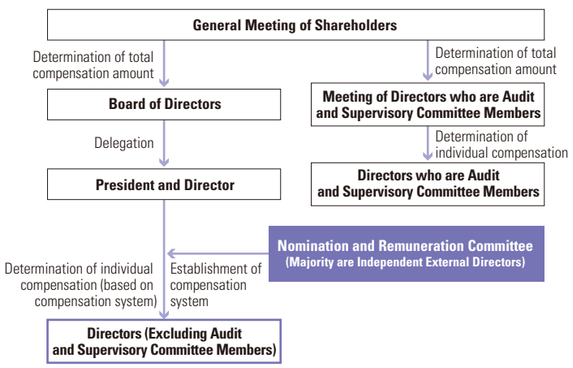
| Director Category | Total Amount of Compensation, among others (Millions of yen) | Total Amount by Type of Compensation (Millions of yen) | | | | | | Number of Officers Subject to This (persons) |
|---|---|---|---|---|---|---|---|---|
| | | Fixed Compensation | Bonuses | Stock Compensation | Stock Options | Retirement Benefits | Of Which, Non-Monetary Compensation | |
| **Directors** (Excluding Audit and Supervisory Committee Members and External Directors) | 269 | 177 | 44 | 47 | — | — | 47 | 6 |
| **Directors** (Audit and Supervisory Committee Members, Excluding External Directors) | 46 | 46 | — | — | — | — | — | 2 |
| **External Officers** | 58 | 58 | — | — | — | — | — | 5 |

1. The above table includes two Directors (including one Director who is an Audit and Supervisory Committee Member) who resigned as of March 24, 2024, and March 25, 2024. The Company transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee on June 24, 2022.
2. The breakdown of the total amount of non-monetary compensation for Directors (excluding Audit and Supervisory Committee Members and External Directors) is 47 million yen in stock compensation.
3. The details of the total amount of consolidated remuneration for each officer are omitted. There are no officers whose total consolidated compensation is 100 million yen or more.

### Compensation Determination Process

- The decision-making process for the details of individual compensation and the like for Directors (excluding Directors who are Audit and Supervisory Committee Members) is delegated to the President and Director based on a resolution of the Board of Directors, within the range of the total compensation amount approved at the General Meeting of Shareholders. To ensure that this authority is appropriately exercised by the President and Director, the President and Director shall make decisions in accordance with the compensation system formulated based on prior Requests for Consultation and recommendations of the Nomination and Remuneration Committee.
- The decision-making process for the details of individual compensation and the like for Directors who are Audit and Supervisory Committee Members is determined through consultation among Directors who are Audit and Supervisory Committee Members, within the range of the total compensation amount approved at the General Meeting of Shareholders.

**Compensation Determination Diagram**



## Governance Structure with Major Shareholders in Consideration of Protection of Minority Shareholders and as Such

The Company is an equity method associate of both Mizuho Financial Group, Inc. and ITOCHU Corporation.
Additionally, the Company actively collaborates and cooperates with Mizuho Financial Group companies and ITOCHU Corporation, while conducting sales activities with the support of fund raising centered around Mizuho Bank, Ltd., a subsidiary of Mizuho Financial Group, Inc., as the main bank.
The Company has developed the following governance structure with major shareholders in consideration of protecting minority shareholders and as such:

### (1) Views and Policy on Group Management in Major Shareholders

- As business partners, each major shareholder and the Company make efforts to expand each one's own business. Based on matters such as protection of the Company's minority shareholders, each major shareholder respects independence of the Company and pays attention to preventing conflicts of interest such as maintaining appropriate transaction conditions.

### (2) Views and Measures and Other Issues on Ensuring Independence from Major Shareholders Which is Necessary from a Viewpoint of Protection of Minority Shareholders

- In the process of the Company's decision-making on matters such as management plans, there is no involvement by major shareholders such as mandatory prior approval. Independence is ensured adequately.
- The Company makes efforts to ensure appropriate conditions of transactions with major shareholders in order not to harm the interests of the Company and minority shareholders. In addition, the Company has established the Conflict of Interest Management Committee as an advisory body to the Board of Directors, of which the majority of committee members are Independent External Directors. The Committee deliberates on material transactions with each company of Mizuho Financial Group, Inc., the major shareholder with 40% or more of the shareholding ratio. The Committee was held twice in fiscal year 2022. The Committee was not held in fiscal year 2023 because of no applicable transactions.

### (3) Agreements and Other Issues with Major Shareholders on Group Management

- To develop and enhance both the Company and Mizuho Financial Group, Inc., the Company and Mizuho Bank, Ltd. agree to comply with the Mizuho Financial Group management regulations on group management, and confirm the agreement in writing. Mizuho Bank, Ltd. respects independence of the Company. Business management by the bank is limited to truly required matters except for items such as statutory matters. The management method is reporting after decision making of the Company.
- The Company and ITOCHU have no agreements on group management.

## Ensuring Appropriateness of Related Party Transactions with Major Shareholders, Directors, Among Others

The Company has developed the following structure in order to ensure that when the Company engages in transactions with parties such as major shareholders, Directors, and Executive Officers, the transactions do not harm the interests of the Company or the common interests of shareholders.

- The Company has established the "Basic Policy on Internal Control System" and the "Operating Rules of the Compliance Committee" by a resolution of the Board of Directors, and positions compliance such as development of legal compliance structure as one of the most important key issues in management. For example, the status of initiatives on compliance is reported timely, appropriately, and regularly to the Compliance Committee, the President and Director, and the Board of Directors, thereby working to strengthen the effectiveness of adherence to compliance throughout the entire Group.
- When the Company engages in competitive transactions and conflict-of-interest transactions as specified by laws and regulations between the Company and Directors and Executive Officers, the Board of Directors Regulations set out by resolution of the Board of Directors shall provide that the transactions are subject to the approval of the Board of Directors and the results of the transactions are promptly reported to the Board of Directors and the Audit and Supervisory Committee. Additionally, from the viewpoint of placing greater emphasis on ensuring independence from major shareholders and protecting the common interests of shareholders, including minority shareholders, the Company has established the Conflict of Interest Management Committee as an advisory body to the Board of Directors, of which the majority of committee members are Independent External Directors, and deliberates on material transactions with each company of Mizuho Financial Group, Inc., which is the Company's major shareholder with a shareholding ratio of over 40%.
- To confirm appropriate implementation of the operation above, the Company conducts an annual investigation on transactions with parties such as Directors, Executive Officers, and major shareholders based on Policies on Corporate Governance established by a resolution of the Board of Directors. The Company reports material facts to the Board of Directors as required and appropriately discloses information in accordance with laws and regulations and other rules.
- In the Audit and Supervisory Committee, the Company monitors and verifies any facts of violations involving Directors and Executive Officers, based on the Audit and Supervisory Committee's Audit Standards established by a resolution of the committee.

The Company discloses the details of important transactions with the companies of Mizuho Financial Group, Inc., which is the Company's major shareholder with a shareholding of over 40% in the Annual Securities Reports of the Company. The Company confirms that the transactions do not harm the interests of the Company or the common interests of shareholders and reports regularly to the Board of Directors. There are no other related party transactions to be disclosed.

## Evaluation of Board Effectiveness

### 1. Basic Views

To ensure the Board of Directors, the core of corporate governance, fulfills roles and responsibilities appropriately, the Company evaluates and analyzes the board effectiveness annually with the support of third-party external professionals, makes improvement based on the results, and thereby works on enhancing the board effectiveness further.

### 2. Evaluation Process of Board Effectiveness in Fiscal Year 2023

| | |
|---|---|
| **Targets** | All Directors (13) *As of February 1, 2024 |
| **Implementation Method** | 1. The company conducted questionnaires for all Directors on ensuring the Board's appropriate fulfilling of roles and responsibilities.<br>2. Third-party external professionals conducted personal interviews with a subject based on the content of the questionnaires.<br>3. Third-party external professionals summarized results and then analyzed.<br>4. Based on the analysis results by third-party external professionals, the Board secretariat formulated the draft of the analysis results and evaluations and then made reporting to the Board of Directors. The Board of Directors made discussions. |
| **Questionnaire Content (overview)** | ・Composition of the Board of Directors<br>・Roles and responsibilities of the Board of Directors<br>・Operational status of the Board of Directors<br>・Status of addressing issues in the last year's evaluations<br>・Matters to be improved, among others. |

### 3. Evaluation Results and Initiatives

| FY2022 Evaluation Results | FY2023 Initiatives | FY2023 Evaluation Results |
|---|---|---|
| **Overall Evaluation**<br>The governance structure of the Board of Directors is making steady progress, with the development of an internal control system through our transition to a company with an Audit and Supervisory Committee and the introduction of business portfolio management. | | |
| **Main Initiatives**<br>[Strategy formulation]<br>Better discussions on important themes | The Company created annual reporting schedules for important themes, made reporting to the Board of Directors, and thereby attempted to better discuss the themes. | **Individual Evaluation**<br>There are varying levels of progress on important themes, and we will further deepen discussions on departmental strategies and the medium-term management plan. |
| [Environmental development]<br>Enhancement of effectiveness of monitoring | The Board of Directors strengthened governance structure of the Group on the axis of strengthening self-controls of Group companies, reviewing business management structure, and strengthening involvement in risks of Group companies by departments in charge entrusted with managing individual risks. | Working on strengthening Group governance, but it is still in progress, and further strengthening is essential |
| [Supervision]<br>Further enhancement of effectiveness of governance structure | The Board of Directors established various basic policies (on areas such as customer-oriented, human rights, information disclosure controls and environment) and followed the PDCA cycle on the execution side. | Establish various basic policies by resolution of the Board of Directors and appropriately supervise PDCA by the executive department |
| | *Primary Themes<br>1. Structural reforms in installment credit business<br>2. Formulation of business models and checks of progress status in new businesses<br>3. Strategy formulation and progress checks in corporate settlement<br>4. Impact, among others, of rising interest rates on each division, future outlook associated with environmental changes<br>5. Status of response to credit risks by overseas businesses<br>6. Strengthening human capital<br>7. Cybersecurity, and so on | **Overall Evaluation**<br>The management foundation, such as business portfolio operation, risk management, and governance has been strengthened steadily.<br>However, each management plan had not been achieved. The Board of Directors finds it necessary to conduct better strategy discussions and supervision, with formulation of a next medium-term management plan in mind. |

### 4. Major Views on Board Operation in Fiscal Year 2024

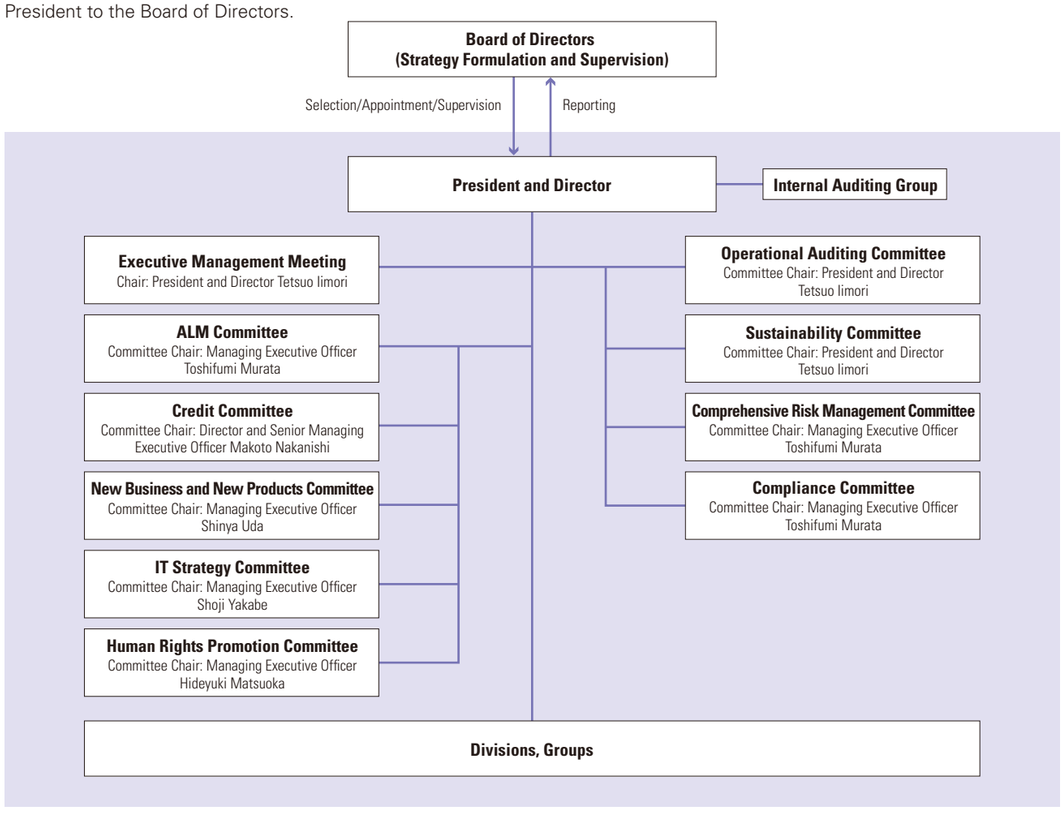
Based on matters such as the board operational status and the board effectiveness evaluations in the previous fiscal year, the Company's Board of Directors has adopted the following main ideas for its operation in fiscal year 2024.
To achieve sustainable corporate growth and enhance corporate value over the medium to long term continuously, the Board of Directors is committed to appropriately fulfilling roles and responsibilities such as the board's formulating strategies and fulfilling supervision functions.

| | |
|---|---|
| **Viewpoint of Strategies** | Formulation of the next medium-term management plan<br>Promotion of sustainability management<br>Sophistication of human resources strategy |
| **Viewpoint of Supervision** | Penetration of new Corporate Philosophy<br>Sophistication of corporate governance (including Group companies)<br>Appropriate operation of risk management and compliance<br>Promotion of business structural reforms |

# Business Execution Structure

## Philosophy on Business Execution Structure

Based on the Board of Directors' strategy and maximum delegation of authority from the Board of Directors to the President and Director, the Company has developed a business execution structure that enables prompt and substantial business execution, led by the President and Director.
Furthermore, to strengthen the effectiveness of supervision by the Board of Directors, we enhanced the reporting of business execution by each committee, Division and/or Group Head to the President, and the reporting of business execution by the President to the Board of Directors.




### Division Heads / Group Heads

| | | |
|---|---|---|
| **Head of Business Promotion Division** | Managing Executive Officer | Kazuaki Baba |
| **Head of Financial Institutions Division** | Managing Executive Officer | Hitoshi Kasama |
| **Head of Credit Card & Payment Service Division** | Managing Executive Officer | Yohei Senba |
| **Head of Corporate Solutions Division** | Managing Executive Officer | Daisuke Horiuchi |
| **Head of International Business Division** | Managing Executive Officer | Toshiro Koroyasu |
| **Head of Credit Collection Group** | Managing Executive Officer | Minoru Kusano |
| **Head of Operation Group** | Managing Executive Officer | Shoji Shimamoto |

| | | |
|---|---|---|
| **Head of Corporate Strategy Group and Digital Marketing Group** | Managing Executive Officer | Shinya Uda |
| **Head of Finance Group** | Managing Executive Officer | Masahiro Kosugi |
| **Head of Corporate Compliance Group and Risk Management Group** | Managing Executive Officer | Toshifumi Murata |
| **Head of Human Resources & General Affairs Group** | Managing Executive Officer | Hideyuki Matsuoka |
| **Head of IT System Group** | Managing Executive Officer | Shoji Yakabe |
| **Head of Internal Auditing Group** | Director, Senior Managing Executive Officer | Ichiro Watanabe |

## Committees Supporting Decision-Making of the President and Director

Within the comprehensive committee structure under the President and Director, Executive Officers lead highly specialized and effective discussions in each area.

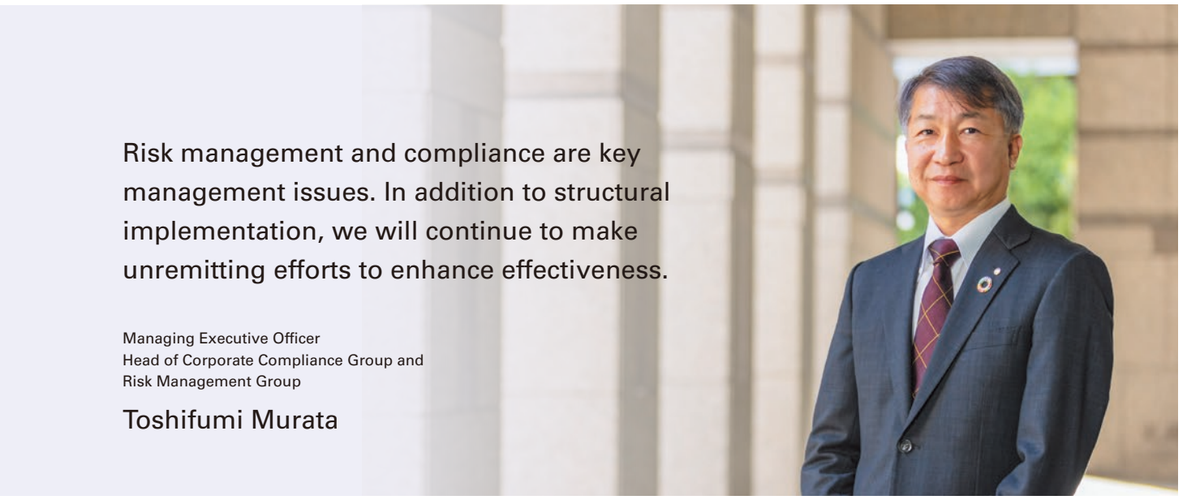
### Overview of Committees Related to Credit Risk, New Product Risk, and System Risk

| | Committee Overview | Main Initiatives in Fiscal Year 2023 |
|---|---|---|
| **Credit Committee**<br><br>Committee Chair: Director and Senior Managing Executive Officer<br>Makoto Nakanishi | Our business involves auto loans, shopping credit, credit cards, among others. Therefore, proper credit management is extremely important.<br>Additionally, to earn trusts from the society and provide customers with safe, secure, and highly convenient financial services and products, we must ensure appropriate actions from the member merchants, who are our business partners. To this end, we established Credit Committee in 2007. The committee, which consists of members from the departments in charge of each risk and business division, meets regularly to discuss and decide on critical issues related to the prevention of excessive lending and the realization of appropriate credit, as well as to the strengthening of member merchant management, thereby enhancing the effectiveness of the committee's operations. | **Number of meetings held:** 6<br>**Main initiatives:**<br>Based on the key strategies of the medium-term management plan, deliberated and reported on 11 important measures (verification of ongoing management of member merchants and new methods, complaints and response status, situation following the age of adulthood being lowered, status of credit operations, among others). |
| **New Business & New Products Committee**<br><br>Committee Chair: Managing Executive Officer<br>Shinya Uda | Since our founding in 1954, we have been a pioneer in providing products and services that meet the needs of the times and our customers' lifestyles. The development of new businesses and products is an extremely important initiative for us. That being said, new businesses and products come with unforeseen risks, so we prioritize careful consideration and risk control, and thus established this committee in 2008.<br>The committee is composed of members with extensive expertise and experience. It is responsible for examining new businesses and products and managing risk control. The committee makes decisions on introducing new businesses and products while confirming market conditions, competitive analysis, monitoring of product development processes, risk assessment, and appropriateness from customers' perspective. | **Number of meetings held:** 6<br>**Main initiatives:**<br>We deliberated and reported on the introduction of important new businesses and products, post-introduction verification, and optimization status of our products. |
| **IT Strategy Committee**<br><br>Committee Chair: Managing Executive Officer<br>Shoji Yakabe | The Company plays a role in social settlement infrastructure such as credit cards, and businesses like installment credit, and credit cards and cash loans financing rely on stable system operation. Additionally, appropriate system investment is important for both improving customer service and controlling expenses appropriately. We established this committee in 2019 as a successor to the Orico Strategic Systems Committee, which led the joint core system construction project in the 2010s.<br>The committee is working to enhance IT governance across the Group by managing and deliberating on IT strategy, IT investment plans, large-scale system investment projects, system risks, cybersecurity responses, and so on. | **Number of meetings held:** 16<br>**Main initiatives:**<br>Deliberated and reported on IT investment plans, major system investment projects based on business and IT strategies, development status of investment projects, quality and return on investment after system implementation, system risk management, cybersecurity measures, among others. |

For the activities of each committee, refer to Sustainability Committee (p. 25), Comprehensive Risk Management Committee (p. 94), Compliance Committee (p. 94), and Human Rights Promotion Committee (p. 98).

# Risk Management / Compliance

## Message from Head of Corporate Compliance Group and Risk Management Group



Risk management and compliance are key management issues. In addition to structural implementation, we will continue to make unremitting efforts to enhance effectiveness.

Managing Executive Officer
Head of Corporate Compliance Group and
Risk Management Group

Toshifumi Murata

The Company positions appropriate risk management as a key management issue to maintain soundness and stability while enhancing corporate value. To comprehensively understand and manage the diverse risks within the Group, we have established the Risk Management Basic Policy and strive for appropriate risk control. Furthermore, we have established a system to continuously monitor the risk status of "Top Risks", which are identified as risk events with the potential to significantly impact the Group, allowing for timely corrective measures.

Moreover, to make management decisions with an appropriate balance by integrating strategy, finance, and risk in pursuit of the Group's growth, we have introduced the Risk Appetite Framework as a management framework. Based on quantified risk-return and cost-return factors, we set appropriate risk levels for executing strategies and achieving business plans. We then formulate business plans and allocate resources accordingly, and implement appropriate management and operation contributing to ensuring management safety, such as confirming capital adequacy and promptly rebalancing resource allocation in response to environmental changes through monitoring during the period.

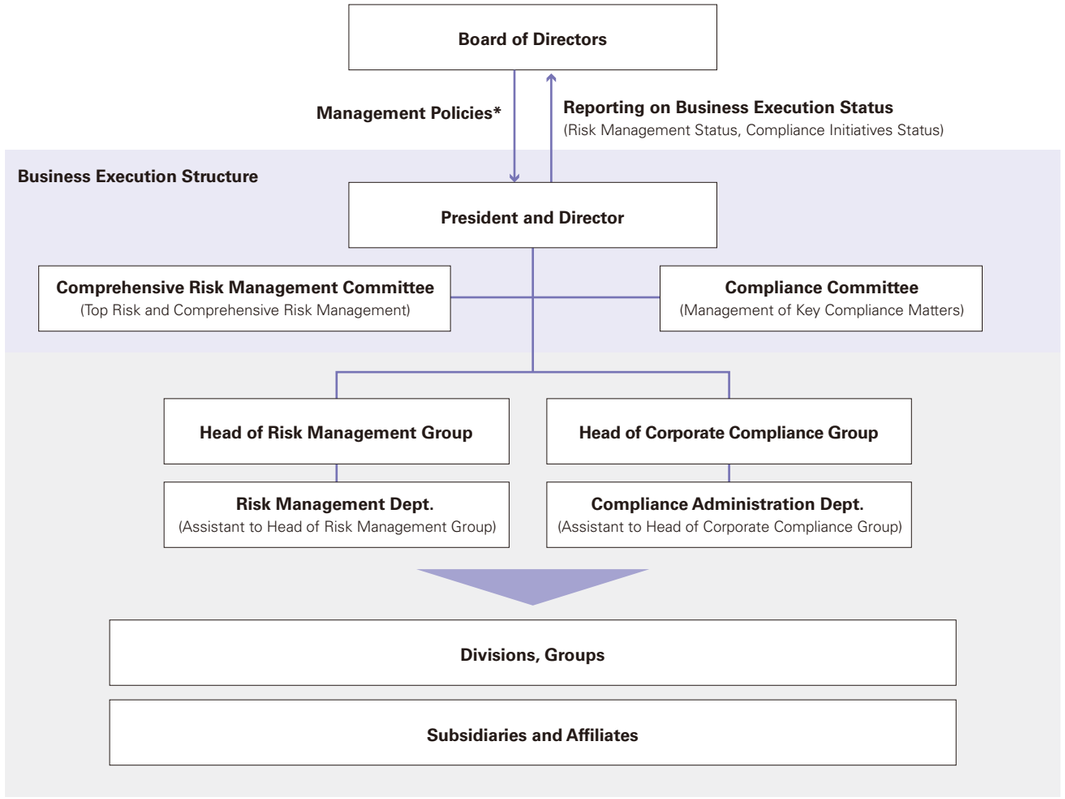
Regarding the risk management of Group companies, under their autonomous control, we strive to strengthen risk management across the entire Group by having our departments in charge that are entrusted with managing individual risks through a risk-based approach, appropriately involved in each company's risk management.

The Company also positions compliance as a key management issue. Recently, there have been cases where other companies have significantly damaged their corporate value due to a lack of social norms. Therefore, we have established "The Orico Group Code" as a code of conduct that includes not only compliance with laws and regulations, but also corporate ethics and social norms, and are working to prevent misconduct and scandals in advance through its penetration among employees. We continue to work on severing relationships with anti-social forces that threaten the order and safety of civil society, and in response to the recent strengthening of international regulations on money laundering and terrorist financing for financial institutions, we have established the AML (Anti-Money Laundering) Office and are making efforts to strengthen our initiatives.

Currently, the Group conducts its auto loan business and other business activities through three overseas subsidiaries. In this context, we established the International Compliance Office in 2024 to monitor, support, and guide the compliance management necessary for these overseas Group companies. We believe that further strengthening compliance management for overseas Group companies is necessary, considering domestic and international environmental changes and increasing demands in areas such as money laundering prevention, personal information management, and consumer protection.

Finally, compliance and risk management are one of the important foundations supporting the company's growth, and we will continue to advance initiatives to further strengthen these management systems.

## Risk Management Structure / Compliance Structure




*Basic Policy on Internal Control System, Risk Management Basic Policy, Basic Policy Against Anti-Social Forces, Basic Policy for Preventing Money Laundering and Terrorist Financing, Information Security Basic Policy, Personal Information Protection Policy

For risk management and compliance, which are among the key management issues, we have established a company-wide system centered on the President and Director, Comprehensive Risk Management Committee, and Compliance Committee, based on the management policies resolved by the Board of Directors.

In addition, the Managing Executive Officer Toshifumi Murata, who is the Head of both the Corporate Compliance Group and Risk Management Group, oversees practical management. Under the Risk Management Dept. and Compliance Administration Dept. responsible for planning and promotion, we implement effective management and measure considerations for all Divisions, Groups, and Group companies.

### Comprehensive Risk Management

Departments in charge entrusted with managing individual risks such as credit risk and interest rate rise risk formulate response measures, while the Risk Management Dept. comprehensively grasps and evaluates the risk management status as a whole, striving for appropriate risk control.

Additionally, control at the management level is conducted through the Comprehensive Risk Management Committee chaired by the Head of Risk Management Group.

In fiscal year 2023, the Comprehensive Risk Management Committee met five times, and the Group's risk management status is regularly reported to the Board of Directors and the President and Director.

### Compliance Management

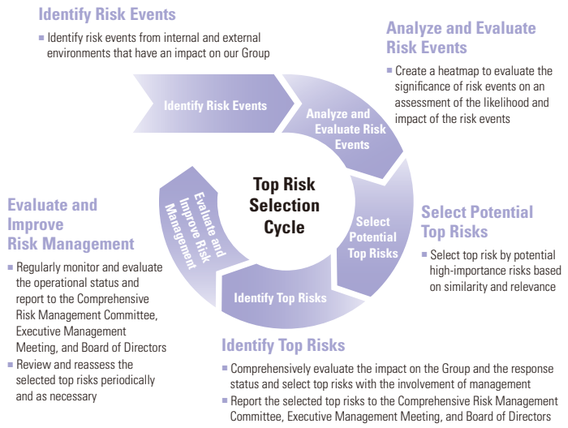
The Compliance Administration Dept. plays a central role in developing regulations, providing education for executives and employees, and properly operating a whistle blower system focused on compliance, customer protection, bribery prevention, exclusion of anti-social forces, and prevention of money laundering and terrorist financing. The Compliance Committee, chaired by the Head of the Corporate Compliance Group, conducts monitoring at the management level.

In fiscal year 2023, the Compliance Committee met six times, and the status of the Group's compliance initiatives is regularly reported to the Board of Directors and the President and Director.

## Risk Management Initiatives

### Top Risks

The Company identifies risk events, including ESG risks, that could significantly impact the Group as "Top Risks" based on both internal and external factors.
We strive for appropriate risk management by continuously monitoring the status of these top risks and taking early measures as necessary. These efforts are deliberated and reported at the Comprehensive Risk Management Committee held quarterly, and the content is reported timely and appropriately to the Executive Management Meeting and the Board of Directors.




| | Risk Events | Risk Scenarios |
|---|---|---|
| 1 | **Impact on performance due to changes in the economic environment** | Increase in bad debt losses due to customers' difficulty in repayment caused by persistently high inflation and significant changes in the economic environment. Increase in member merchants' business deterioration and bankruptcies due to a worsening business environment |
| 2 | **Impact on performance due to rapid interest rate increases** | Increase in ALM-related costs and downward pressure on performance due to market fluctuations resulting from monetary tightening in Japan and ASEAN, amid continued global inflation from rising energy and food prices |
| 3 | **Impact on business due to increase in unauthorized use** | Loss of stakeholder trust and business opportunities due to performance impact resulting from increased fraudulent use and damage, primarily involving cards, as well as the perceived inadequacy of AML systems |
| 4 | **Impact on business from cyberattacks and large-scale system failures** | Loss of stakeholder trust and business opportunities due to personal information leaks or business interruptions caused by cyberattacks or core system failures |
| 5 | **Impact on business from the introduction or changes to new regulations related to climate change, among others** | Risk events materialize due to delays in responding to new policies and regulatory changes aimed at realizing decarbonization |
| 6 | **Impact on business from technological innovation, among others** | Loss of business opportunities due to delays in incorporating advanced technologies resulting from technological innovation |
| 7 | **Damage to corporate value resulting from acts that violate social norms, among others** | Loss of stakeholder trust and business opportunities due to executives and employees failing to act correctly from a social perspective |
| 8 | **Impact on strategy realization due to insufficient human capital management** | Decline in competitiveness due to insufficient human capital management in executing management strategies aligned with changes in the business environment |

### Business Continuity Initiatives

The Company positions responding to emergencies, such as large-scale natural disasters, the spread of infectious diseases, and system failures, as a key management issue. We have established the Business Continuity Management Basic Policy by a resolution of the Board of Directors and are working to enhance its effectiveness through drills and other means.
In the event of an emergency where there is a risk to life or physical well-being, the Company will prioritize human life while also prioritizing maintaining and continuing settlement functions and the early recovery of operations based on our social responsibility as a company that plays a part in important social infrastructure.

## Compliance Initiatives

### The Orico Group Code

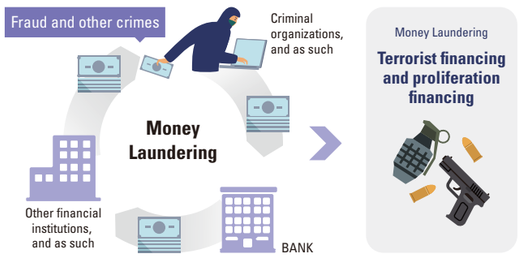
In 2000, we established The Orico Group Code as the Group's code of conduct, positioning compliance as a key management issue and striving to adhere to it.
Recently, there have been cases where other companies have significantly damaged their corporate value due to a lack of social norms, and we consider conduct risk to be an important risk from a management perspective.
In light of these circumstances and today's societal demands, we revised The Orico Group Code in 2022 to serve as a new code of conduct, providing a basis for judgment in taking actions deemed appropriate from a social perspective. We view compliance as not merely adhering to laws and regulations, but also encompassing corporate ethics and social norms. We will continue to work on preventing misconduct and scandals by further fostering compliance awareness through The Orico Group Code, taking root among executives and employees.

### Prevention of Bribery and Corruption

The Company has established an anti-bribery system through the Regulations on Bribery Prevention determined by a resolution of the Board of Directors. Involvement in bribery can lead to a loss of social credibility and potentially to a serious situation that could threaten the foundation of the company's existence. For this reason, we prohibit executives and employees from engaging in bribery and corruption, and aim to maintain and develop sound corporate activities as a united company.
In fiscal year 2023, there were no cases where the Company was prosecuted for bribery or corruption, nor were there any cases where fines or surcharges were paid. Additionally, there were no executives or employees who were disciplined or dismissed for actions related to bribery or corruption.

### Response and System for AML

In response to the recent international strengthening of regulations on money laundering and terrorist financing for financial institutions, the Company positions the prevention of money laundering and terrorist financing as a key management issue.
We have established basic policies and regulations for the prevention of money laundering and terrorist financing. In February 2019, we launched the AML (Anti-Money Laundering) Office as a specialized department within the Compliance Administration Dept., undertaking initiatives related to money laundering and terrorist financing prevention, such as responding to laws and regulations and providing education and guidance within the Company. We will continue to work on maintaining and strengthening the risk management system required as a money lender and credit card business operator in compliance with the Act on Prevention of Transfer of Criminal Proceeds and guidelines on measures against money laundering and terrorist financing issued by the Financial Services Agency and the Ministry of Economy, Trade and Industry.




### Approach and System for Eliminating Anti-Social Forces

Our Company has formulated a Basic Policy Against Anti-Social Forces to deal with anti-social forces that threaten civil society's order and safety, and is proceeding with efforts to sever relationships with such forces.
In 2014, we established the Compliance Office as a department dedicated to coping with anti-social forces. We have built a database through collection of internal and external information, and are implementing measures to prevent transactions at the time of contract conclusion and terminate transactions after contract conclusion using the anti-social forces database.
In addition, we regularly administer training sessions aimed at severing any ties with anti-social forces, thereby fostering and solidifying awareness among our employees.
The status of these efforts is reported timely and appropriately to the Compliance Committee, Executive Management Meeting, and Board of Directors, establishing a system for excluding anti-social forces across the entire Group.

# Cybersecurity

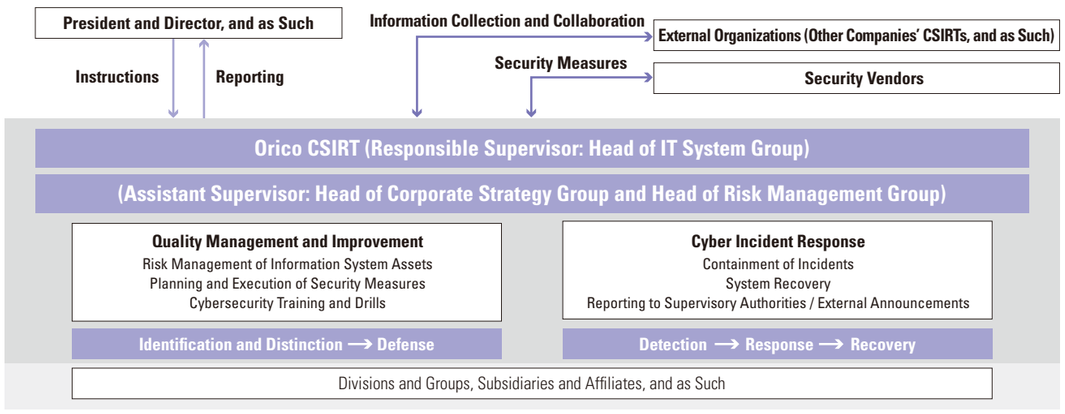
## Basic Views

The Company recognizes the threat of increasingly sophisticated and cunning cyberattacks as a key management issue and considers it a top risk that affects our business. We have established a cybersecurity risk management framework by implementing organizational, technical, human, and physical measures.

## Management Framework

We have established Orico CSIRT (Computer Security Incident Response Team) to strengthen our framework for deterring and preventing cyber incidents and responding to emergencies. We are working to improve security quality through information collection in collaboration with external organizations, planning and implementation of measures, and conducting training and drills. It also plays a central role in minimizing damage and achieving rapid recovery in the event of an incident.

### Orico CSIRT Organization Chart




## Cybersecurity Measures

### 1) Monitoring System

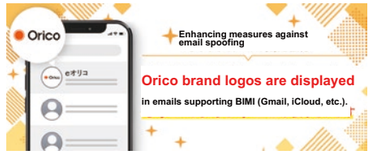
We strive for early detection and immediate response to incidents through information collection in collaboration with external specialized agencies and 24/7 monitoring of networks and devices by an integrated SOC*.

*Security Operation Center: Analyzes log information collected from various security devices to achieve early detection of security incidents

### 2) Technical Measures

We have built a multi-layered defense system including intrusion prevention and malware countermeasures. We have also introduced BIMI* as a measure against phishing scams to strengthen our security measures.

*Brand Indicators for Message Identification: A specification that displays the sending company's logo for authenticated emails that are sent legitimately




Refer to Company website

### 3) Education, Training, and Drills

To enhance the security literacy of executives and employees, we conduct regular targeted email training and e-learning. We also participate in external training to develop specialized personnel and raise the overall level of knowledge. For drills, we conduct exercises simulating the occurrence of security incidents to improve the effectiveness of our response.





# Respect for Human Rights

## Basic Views

Conducting business activities with consideration for human rights is essential to protect executives and employees, as well as gaining the trust of business partners, customers, and society to create a better society together. We respect human rights as the foundation of our business activities, striving to realize a society where no one is left behind, the dignity of all people is ensured, and everyone is equally respected. We believe that fulfilling our responsibility to respect human rights leads to social trust and ultimately contributes to enhancing corporate value and realizing a sustainable society.

## Policy and Promotion Structure

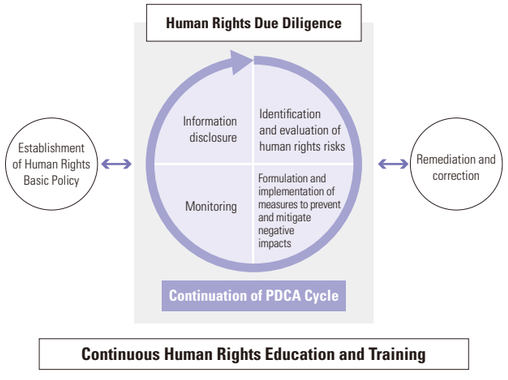
Based on the concept of the Human Rights Basic Policy, established in April 2023 through discussions with external experts on how companies should address human rights, we will fulfill our responsibility to respect human rights for various stakeholders including customers, business partners, suppliers, and employees. To effectively address human rights issues, we have established the Human Rights Promotion Committee, which serves a monitoring function while advancing initiatives to prevent human rights violations both directly and indirectly.

**Human Rights Promotion Committee Structure**



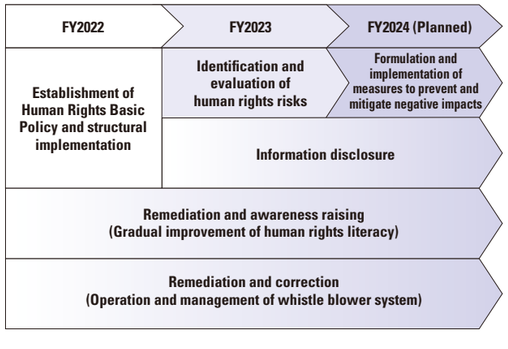

## Human Rights Due Diligence Initiatives

To identify human rights risks that should be considered as a company and understand the actual negative impacts of our business activities on human rights, in fiscal year 2023, as the first year of full-scale human rights due diligence, we evaluated human rights risks from the perspectives of severity and likelihood through interviews with employees and other means. We will identify various negative impacts on the human rights of all stakeholders and formulate and implement measures to prevent and mitigate them. In addition to establishing a grievance mechanism, we will continuously apply a PDCA cycle to ensure responses are carried out appropriately and disclose our findings both internally and externally.




## Roadmap for Human Rights Initiatives

The Company has formulated a plan for respecting human rights and is continuously implementing initiatives based on a roadmap. Every year, to deepen the importance and understanding of human rights, we conduct top-level training for executives and General Managers of departments, offices, and branches, as well as training for all executives and employees, to raise human rights awareness. In fiscal year 2024, in addition to conducting human rights due diligence for overseas and Group companies, we will advance specific initiatives to prevent and mitigate negative impacts based on the identified and evaluated human rights risks.



# Climate Change Initiatives

## Climate-related Risk Management

Based on the importance of climate-related financial information disclosure, the Group has aligned with the TCFD recommendations and discloses each indicator recommended by TCFD.
Additionally, in an effort to realize a decarbonized society by 2050 and build a society resilient against climate change, we have formulated a transition plan to achieve our net zero goal.

### Governance

The Group has established a company-wide implementation structure centered on the Sustainability Committee, chaired by the President and Director, based on business strategies including climate change-related risks and opportunities. Under the Sustainability Committee, we have established the Environmental and Regional Subcommittee, chaired by a Managing Executive Officer, to conduct specialized and effective deliberations.
In addition, we have established the Environmental Basic Policy and are working to enhance effectiveness by implementing the PDCA cycle, including planning, and implementation reporting in line with the basic policy. The status of initiatives on climate change and the environment is reported appropriately and in a timely manner to the President and Director and the Board of Directors. The Board of Directors supervises the Company's promotion structure for initiatives related to climate change and the environment.
**Environmental Basic Policy:** https://www.orico.co.jp/en/company/corporate/environment/

### Strategy

The Group has defined materiality to be prioritized for the realization of our vision for our society and of the Company, and by using the backcasting technique, we are working to solve social and environmental issues, including climate change. Additionally, we identify climate-related risks and opportunities and quantitatively assess their impact on our business. Based on this recognition, we have defined the possibility of occurrence, potential impact value, and response measures for each transition risk and opportunity classified.
Specific risks and opportunities are disclosed on our website.

### Risk Management

The Group recognizes "climate change risks" as the impact on business caused by frequent natural disasters due to abnormal weather events and the transition to a decarbonized society. Among climate change risks, as a "physical risk", there is the possibility that business operations may be disrupted due to intensification of extreme climate phenomena such as typhoons and floods, and that assets and business foundations of member merchants may be damaged.
As a "transition risk", there is the possibility of losing stakeholder trust if our response to technological innovation and innovation promoting decarbonization, policies and regulations, changes in supply and demand for specific financial services, and efforts to disclose such information are deemed insufficient.
We position climate change risks as one of our top risks and have established a system to appropriately control risks at the management level through various committees, such as the Comprehensive Risk Management Committee.

### Indicators and Targets

The Group has set targets to reduce GHG emissions by 42% for Scope 1 and 2 emissions and by 25% for Scope 3 emissions by 2030 compared to 2020 levels, in line with the Paris Agreement's 1.5°C target and the 2050 net zero goal. Accordingly, we have set short-term targets to reduce Scope 1 and 2 emissions by 29.4% and Scope 3 emissions by 17.5% in fiscal year 2027 compared to fiscal year 2020 levels.

For more comprehensive information on climate change initiatives, please see "Climate Change Initiatives".
https://www.orico.co.jp/en/company/sustainability/esginfo/03/

## Plan and Initiatives Toward Achieving 2050 Net Zero Goal

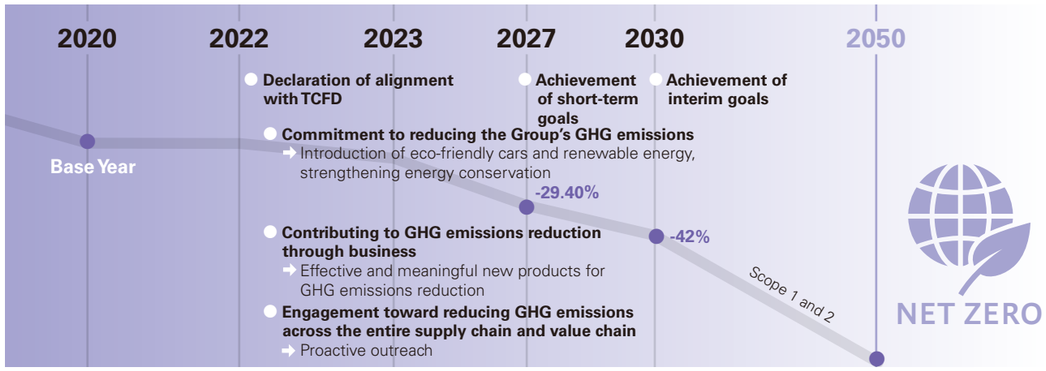
In an effort to realize a decarbonized society by 2050 and build a society resilient against climate change, we formulated a transition plan in July 2024 to achieve our net zero goal.

### Approach to Transition Plan

In a move toward reducing GHG emissions, based on the premise of balancing response to social demands with business expansion, we will promote various initiatives based on three pillars: reducing the Group's GHG emissions, contributing to GHG emission reductions through our business activities, and engagement to reduce GHG emissions across the entire supply chain and value chain.

### Key Points of the Transition Plan

| | |
|---|---|
| **Short-term Goal** | Reduce Scope 1 and 2 by 29.4% and Scope 3 by 17.5% in fiscal year 2027 compared to fiscal year 2020 |
| **Interim Goal** | Reduce Scope 1 and 2 by 42% and Scope 3 by 25% in fiscal year 2030 compared to fiscal year 2020 |




### Commitment to Reducing the Group's GHG Emissions

We will promote the reduction of GHG emissions within the Group by promoting the replacement of energy-efficient equipment and devices and improving the usage ratio of renewable energy. In particular, to achieve 100% renewable energy introduction, we will promote company-wide efforts to achieve net-zero emissions in the long term.
We are also promoting the optimization of the number of company-owned vehicles and replacing them with fuel-efficient eco-friendly cars to increase the ratio of eco-friendly vehicles. We are also reducing paper usage by conducting meetings using electronic screens.

### Contributing to GHG Emissions Reduction Through Business

In business areas such as auto loans, shopping credit, and credit cards, there are broad areas where we can contribute to GHG emissions reduction, such as promoting the adoption of EVs and solar power generation systems. We will actively develop effective and meaningful new products. We will also actively engage in GHG emissions reduction through collaboration with other companies, such as promoting the spread of electric motorcycles and EVs through capital and business alliances.

### Engagement Toward Reducing GHG Emissions Across the Entire Supply Chain and Value Chain

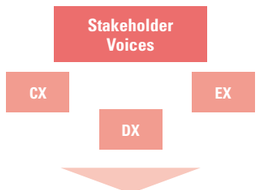
We believe it is important to build cooperative relationships and promote together toward achieving net-zero goals to reduce GHG emissions across society as a whole.
We are working to reduce paper by digitalizing various loan and credit card application forms, enclosures when issuing credit cards (membership rules, various guides, among others), and statements of credit card usage. We are also reducing GHG emissions related to our business by promoting the suppression of plastic card issuance by providing digital cards. Beyond these efforts, we are persistently working to engage diverse stakeholders, including business partners such as member merchants, alliance partners, outsourcing partners, and suppliers, as well as government agencies and local governments, to cooperate in efforts toward achieving a decarbonized and circular society.

# Stakeholder Engagement

Our Company strives to engage in corporate activities that reflect the social and business environment through dialogue with stakeholders, aiming not only for our own growth, but also for the sustainable development of society and the provision of value to society. We consider our customers, shareholders and investors, employees, member merchants and business partners, local communities, NPOs/NGOs, outsourcing partners / suppliers, and other such entities to be our stakeholders. We will advance our corporate activities while paying heed to everyone's voices.

## Main Communication Methods

| | |
|---|---|
| **Customers** | Customer service desk, e-Orico, website |
| **Shareholders/Investors** | General Meeting of Shareholders, financial results briefings, IR information, integrated reports |
| **Employees** | Labor-management council, one-on-one meetings, internal communication site |
| **Member merchants / Business partners** | Member merchant-exclusive website, telephone response surveys |
| **Local communities** | Volunteer activities, collaboration with local governments, financial education |
| **NPOs/NGOs** | Dialogue with NPOs/NGOs, implementation of collaborative projects |
| **Outsourcing partners / Suppliers** | Disclosure of Sustainability-oriented Procurement Policy, daily communications |




Becoming a financial services group for a new era that creates value from the customer's perspective

## Support for The Next Generation

### Financial Education

Recently, due to the necessity of asset management, Japan lagging behind in financial education compared to other countries, and the lowering of the age of adulthood, financial education has become mandatory in high schools. However, issues such as teachers lacking specialized knowledge, experience, and time have become apparent. In collaboration with ARROWS Inc., as part of our consumer education support initiative, we have created a program to help high school students view finance as relevant to their lives, proactively engage with their future, and promote correct understanding of means for funds. We provide this program to high school teachers nationwide through ARROWS Inc.'s network SENSEI Yononaka-gaku. Additionally, we contribute to improving financial literacy by posting content for new adults under the heading "What can you do... when you turn 18?" on our company website.




What can you do... when you turn 18? (Japanese only)
https://www.orico.co.jp/lp/enlighten/

### Sponsoring SDGs QUEST Mirai Koshien

Our Company sponsors the SDGs QUEST Mirai Koshien Tokyo Competition, a competition where high school students form teams to actively explore SDGs and create, present, and be awarded for various ideas for action.
In the 2023 Tokyo Competition, 30 Tokyo high schools (42 teams, 151 students) participated. Our employees participated in the selection process for the corporate award, and among the finalist teams, we presented the Orico Award to the Bunji Curry Project team from Tokyo Metropolitan Kokubunji High School for their plan to create retort curry while taking SDGs and environmental issues into consideration.




For more comprehensive information on support for the next generation, please see "Development of the next generation".
https://www.orico.co.jp/en/company/sustainability/contribution/financial_literacy.html

## Contribution to Local Communities

### Orico Forest Project

In July 2020, we signed the Saitama Prefecture Forest Creation Agreement with Saitama Prefecture and Chichibu City to revitalize forests through the maintenance of forests owned by Chichibu City. As a result, we have obtained the Saitama Prefecture Forest $CO_2$ Absorption Certification from Saitama Prefecture, marking our contributions to the reduction of greenhouse gas emissions. In addition, we raise environmental awareness among employees by soliciting donations of unusable postcards from employees and their families, exchanging three postcards for one seedling, and planting trees in Orico Forest.




### Collaboration with Local Governments

In March 2024, we signed our first comprehensive partnership agreement with Funabashi City, Chiba Prefecture, followed by a partnership agreement with Fujimi City, Saitama Prefecture in May of the same year. Specific activities include holding various seminars and lectures, collaborating on school education, disseminating information about Funabashi City via social media, holding Funabashi product exhibitions, cooperating on designing information media such as flyers and posters, cooperating on public relations training with Funabashi City. With Fujimi City, we promote the development of plans for measures to address child poverty. We will continue to advance initiatives that contribute to regional revitalization and regional development.



Signing ceremony for a comprehensive partnership agreement with Funabashi City
Tetsuo Iimori, President and Representative Director (left), Toru Matsudo, Mayor of Funabashi City (right)

## Communication with Employees, Member Merchants, and Local Residents

### Promoting the Employment for People with Disabilities

Our Company actively promotes the employment of people with disabilities and implements measures such as conducting interviews to promote workplace retention, as well as providing in-house handbooks to facilitate understanding. We also take disability status and job suitability into consideration and create comfortable work environments, allowing employees with disabilities to play active roles nationwide.
In 2019, we opened an urban farm called Kagayaki★Farm as a new place for active participation. The organically grown vegetables contribute to maternal and child support and the promotion of health through gifts to member merchants and provision to children's cafeterias.



Kagayaki★Farm

## Social Contribution Activities by Employees

### Orico Group Social Contribution Fund

This fund was established in April 2012 as a fundraising system to promote social contribution activities among employees. Employees can participate starting from 100 yen per unit, and the company adds 100 yen per participating employee to help the funds accumulate. The funds are then donated to welfare organizations and areas affected by large-scale disasters.

Nature conservation organizations, social welfare organizations

### Orico One Step Program

Since 2014, we have launched a dedicated website introducing various social contribution activities, providing a system for employees to participate in volunteer activities they are interested in.
The name Orico One Step Program reflects the idea of taking the first step to move from thinking about contributing to society to taking action.

# External Awards and Participation in Initiatives

## ESG Index

### Global ESG Investment Index

FTSE4Good

**Developed Index, Japan Index** *1

### ESG Investment Indices (Comprehensive) Adopted by GPIF

**FTSE Blossom Japan Index**

**FTSE Blossom Japan Sector Relative Index**

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX *2

### ESG Investment Index (Thematic) Adopted by GPIF

S&P/JPX Carbon Efficient Index

**Morningstar Japan ex-REIT Gender Diversity Tilt Index**

*1 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Orient Corporation has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

*2 THE INCLUSION OF ORIENT CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF ORIENT CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

## Awards and Certifications

Nikkei Veritas Award 2023 Nikkei Outstanding Products and Services Awards 2023

**2023 Nikkei Outstanding Products and Services Awards - Nikkei Veritas Award**

2024 Career Ownership Management Award 優秀賞

**Career Ownership Management AWARD 2024**

work with Pride Gold 2023

**PRIDE Index 2023**

D&I AWARD BEST WORKPLACE for diversity & inclusion 2023

**D&I AWARD 2023**

Digital Transformation Certification

**DX Certification**

DBJ健康格付 2023

**DBJ Health Management Rating 2023**

2024 健康経営優良法人 Health and productivity

**2024 Certified Health & Productivity Management Outstanding Organizations**

## Participation in Initiatives

WE SUPPORT UN GLOBAL COMPACT

**United Nations Global Compact**

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

**Task Force on Climate-Related Financial Disclosures**

GX League

**GX League**

JAPAN CLIMATE INITIATIVE

**JAPAN CLIMATE INITIATIVE**



## TOPICS

**Awards and Certifications**

CERTIFIED COPC

**International Quality Assurance Standard COPC**

In October 2020, our Tokyo First Service Center, which handles customer service, became the first in the Japan credit sales industry to obtain certification for the COPC CX Standard for CSPs Release 6.1, an international standard for evaluating the operational quality of contact centers. We continued to obtain certification from 2021 to 2023, and in 2022 and 2023, we received the CX Excellence Award for being a company that has maintained COPC certification for more than two years.

While carrying out activities in concert with our regular duties, we faced a number of challenging situations, such as making modifications due to changes in standards. However, thanks to the strong awareness of the branch staff and the generous support of the head office, we have maintained our certification for the third consecutive year. Now, awareness about COPC at branches has spread, and it has become a familiar concept. It is being utilized for contact center operation management tailored to each branch. We will continue to leverage the COPC framework to improve customer satisfaction and overall quality at our contact centers as we aim for our next challenge.



Tokyo First Service Center
Miho Shibuya

**Awards and Certifications**

プラチナくるみん

**Platinum Kurumin Plus**

In November 2022, we obtained the Platinum Kurumin Plus certification, which is awarded to companies that have implemented higher-level initiatives in addition to being certified as Kurumin companies, as well as initiatives to support balancing infertility treatment and work. To create an environment where the children who will be responsible for the next generation of society can be born and raised in a healthy manner, we are implementing a variety of initiatives, such as developing support systems for balancing work and childcare and expanding our support for balancing infertility treatment and work.

As my wife's due date approached, my desire to raise our child together and experience my child's growth firsthand grew stronger. So after discussing it with my wife, I decided to apply for childcare leave. Mindful of the impact this would have on my work, I consulted with my supervisor about splitting my childcare leave into two parts: post-birth paternity leave and standard childcare leave. My request was accepted without issue, allowing me to take leave while maintaining my peace of mind. I took about a month and a half of childcare leave in total, and as I look to balance work and family life in the future, I truly feel that experiencing the challenges of childcare and the growth of our child together with my wife was a very valuable experience.



Credit Card Product Development Dept.
Yoshihiro Takishima

**Participation in Initiatives**

CDP DISCLOSER 2023

**CDP**

We responded to the CDP Climate Change Questionnaire for the first time in fiscal year 2023 and received a B grade. CDP is one of the world's leading ESG evaluation organizations for corporate greenhouse gas emission reduction and climate change strategies, and it evaluates and discloses corporate initiatives. The B grade we received on this occasion is the third highest out of eight grades, and it indicates that we "understand and act on our environmental risks and impacts".

Ever since TCFD-aligned disclosure became a social responsibility for listed companies in Japan, we have been researching climate change-related disclosures. We also consider the fact that our TCFD response efforts have now received a certain level of recognition from external organizations to be an expression of society's expectations for our Company. I would like to take this opportunity to express my sincere gratitude to all stakeholders, both inside and outside the Company, who have been promoting various environment-related initiatives. In the future, we would like to continue disclosing the details of all our efforts in an accurate and transparent manner, thus helping to address climate change and improving our stakeholder engagement.



Sustainability Management Office
Chie Suzuki

# Financial Data

## Consolidated Financial Data*1

| | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating revenue** | 2,063 | 2,118 | 2,136 | 2,243 | 2,333 | 2,431 | 2,297 | 2,298 | 2,276 | 2,290 | 100 million yen |
| **Ordinary profit** | 207 | 294 | 335 | 300 | 219 | 244 | 225 | 289 | 230 | 161 | 100 million yen |
| **Profit attributable to owners of parent** | 184 | 245 | 286 | 280 | 288 | 206 | 196 | 194 | 190 | 125 | 100 million yen |
| **Net assets** | 2,499 | 2,740 | 3,039 | 2,594 | 2,564 | 2,515 | 2,284 | 2,168 | 2,297 | 2,456 | 100 million yen |
| **Total assets** | 49,287 | 51,529 | 53,290 | 54,753 | 55,429 | 55,847 | 25,058 | 24,721 | 24,139 | 31,476 | 100 million yen |
| **Net assets per share*2** | -200.70 | 779.50 | 953.30 | 1,092.50 | 1,192.70 | 1,253.90 | 1,199.00 | 1,249.79 | 1,324.44 | 1,388.79 | Yen |
| **Profit per share*2** | 229.50 | 174.60 | 154.40 | 132.80 | 151.90 | 108.50 | 105.40 | 105.54 | 110.92 | 73.30 | Yen |
| **Dividend per share*2** | - | - | 20 | 20 | 20 | 30 | 30 | 30 | 40 | 40 | Yen |
| **General expenses** | 1,181 | 1,159 | 1,184 | 1,279 | 1,471 | 1,504 | 1,474 | 1,395 | 1,441 | 1,414 | 100 million yen |
| **Ratio of general expenses to operating revenue** | 57.2 | 54.7 | 55.4 | 57.0 | 63.1 | 61.9 | 64.2 | 60.7 | 63.3 | 61.8 | % |
| **Capital adequacy ratio** | 5.1 | 5.3 | 5.7 | 4.7 | 4.6 | 4.5 | 9.0 | 8.7 | 9.4 | 7.6 | % |
| **ROE** | 7.8 | 9.4 | 9.9 | 10.0 | 11.2 | 8.1 | 8.9 | 8.8 | 8.6 | 5.4 | % |
| **ROA** | 0.4 | 0.6 | 0.6 | 0.6 | 0.4 | 0.4 | 0.6 | 1.2 | 0.9 | 0.6 | % |
| **PBR** | -9.72 | 2.87 | 2.11 | 1.53 | 0.95 | 0.96 | 1.28 | 0.99 | 0.83 | 0.77 | Multiplier |
| **PER** | 8.50 | 12.83 | 13.02 | 12.58 | 7.44 | 11.15 | 16.45 | 11.75 | 9.94 | 14.64 | Multiplier |
| **Dividend payout ratio** | - | - | 13.0 | 15.1 | 13.2 | 27.7 | 28.5 | 28.4 | 36.1 | 54.7 | % |
| **Highest stock price** | 2,980 | 2,780 | 2,420 | 2,080 | 1,930 | 1,830 | 1,680 | 1,730 | 1,236 | 1,211 | Yen |
| **Lowest stock price** | 1,720 | 1,710 | 1,760 | 1,660 | 1,120 | 1,000 | 1,010 | 1,130 | 1,098 | 1,031 | Yen |
| **Cash flows from operating activities** | 82 | -422 | -1,046 | -776 | -417 | -667 | 545 | 817 | 322 | -434 | 100 million yen |
| **Cash flows from investing activities** | -6 | -224 | -279 | -366 | -274 | -122 | -140 | -190 | -203 | -444 | 100 million yen |
| **Cash flows from financing activities** | 11 | 1,117 | 1,524 | 1,600 | 1,483 | 558 | 441 | -401 | -806 | 2,216 | 100 million yen |
| **Cash and cash equivalents at end of period** | 1,319 | 1,787 | 1,984 | 2,442 | 3,234 | 3,002 | 3,851 | 4,081 | 3,398 | 4,793 | 100 million yen |

*1 As a result of changes in accounting policies in fiscal year 2023, figures have been reported after retrospective adjustments extending back to fiscal year 2020. For details, see the Annual Securities Report.

*2 As of October 1, 2022, we have conducted a reverse stock split at a ratio of 1 share for every 10 ordinary shares. Note that the amounts stated for the fiscal year 2021 and prior have been adjusted to reflect the impact of the reverse stock split.

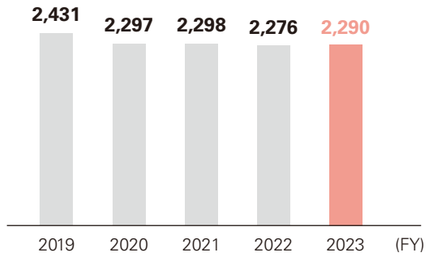


## Financial Highlights

*As a result of changes in accounting policies at the beginning of fiscal year 2023, figures have been reported after retrospective adjustments extending back to fiscal year 2020.

### Operating Revenue

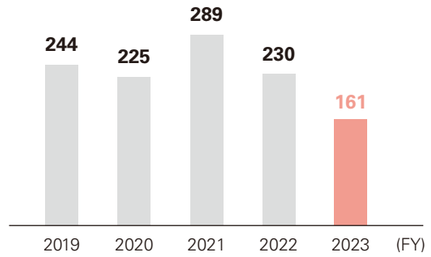
(100 million yen)




### Ordinary Profit

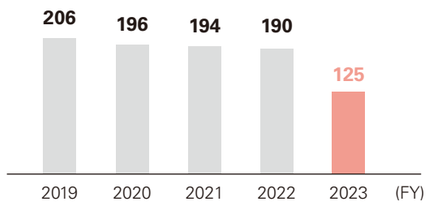
(100 million yen)

Management objective: 20 billion yen by fiscal year 2024




### Profit Attributable to Owners of Parent

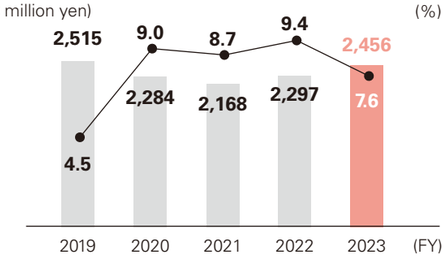
(100 million yen)




### Net Assets / Capital Adequacy Ratio

Net assets / Capital adequacy ratio

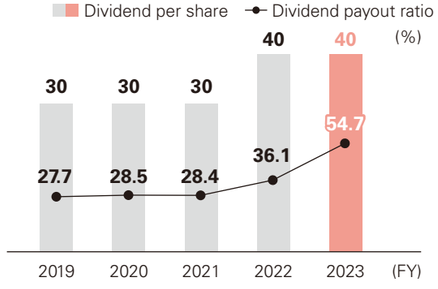
(100 million yen) (%)




### Dividend per Share / Payout Ratio

Dividend per share / Dividend payout ratio

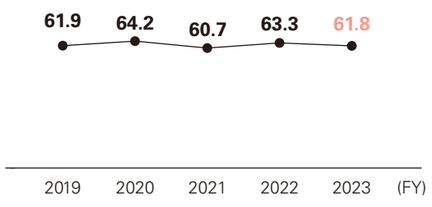
(Yen) (%)




### Ratio of General Expenses to Operating Revenue

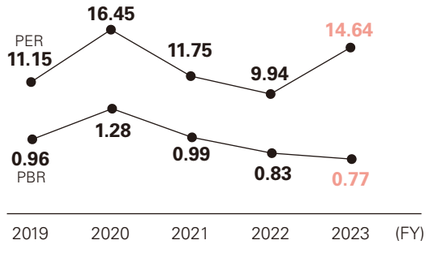
Management objective: 60.7% by fiscal year 2024

(%)




### PBR / PER

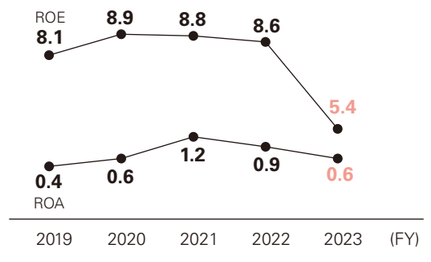
(multiplier)




### ROE / ROA

Management objective: ROE of 8.5% by fiscal year 2024

(%)




For more comprehensive financial information, please see "Financial & performance data (Key indicators & figures)".
https://www.orico.co.jp/en/company/ir/financial/

# Non-financial Data

## Non-financial Data

| | | KPI | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of consolidated employees | Total | - | 9,080 | 8,975 | 9,020 | 9,244 | 9,017 | 8,785 | 9,074 | 8,503 | 8,521 | 9,202 | People |
| Number of non-consolidated employees | Total | - | 7,312 | 7,111 | 7,067 | 6,995 | 6,915 | 6,635 | 6,413 | 6,032 | 5,819 | 5,585 | People |
| | Male | - | 2,559 | 2,489 | 2,473 | 2,448 | 2,420 | 2,322 | 2,194 | 2,110 | 2,046 | 1,968 | People |
| | Female | - | 4,753 | 4,622 | 4,594 | 4,547 | 4,495 | 4,313 | 4,219 | 3,922 | 3,773 | 3,617 | People |
| Number of experienced hires | Total | - | 0 | 14 | 18 | 29 | 12 | 3 | 18 | 15 | 55 | 88 | People |
| | Male | - | 0 | 14 | 17 | 28 | 11 | 1 | 12 | 11 | 25 | 28 | People |
| | Female | - | 0 | 0 | 1 | 1 | 1 | 2 | 6 | 4 | 30 | 60 | People |
| Number of employees with disabilities | | - | 70 | 71 | 71 | 74 | 87 | 90 | 96 | 87 | 87 | 81 | People |
| Employment rate of people with disabilities | | - | 1.95 | 2.01 | 2.03 | 1.80 | 2.21 | 2.33 | 2.63 | 2.42 | 2.54 | 2.42 | % |
| Number of newly appointed managers | Total | - | 82 | 98 | 84 | 103 | 80 | 97 | 57 | 128 | 109 | 78 | People |
| | Male | - | 52 | 56 | 57 | 70 | 56 | 69 | 38 | 91 | 58 | 44 | People |
| | Female | - | 30 | 42 | 27 | 33 | 24 | 28 | 19 | 37 | 51 | 34 | People |
| Female manager ratio (Senior Manager-level and above) | | 28% | 13.7 | 16.2 | 17.2 | 18.6 | 19.2 | 21.5 | 22.7 | 23.4 | 26.2 | 27.6 | % |
| Female manager ratio (department/office General Manager level) | | 12% | 0.6 | 0.6 | 1.2 | 4.0 | 4.1 | 6.0 | 6.1 | 4.4 | 6.7 | 11.6 | % |
| Statutory overtime hours (per month) | | - | 18:48 | 17:27 | 16:56 | 19:47 | 20:03 | 18:08 | 14:14 | 15:30 | 16:20 | 16:08 | HH:mm |
| Yearly paid leave utilization rate | | 70% | 49.2 | 53.3 | 54.3 | 57.4 | 53.9 | 65.4 | 61.2 | 66.8 | 69.4 | 70.9 | % |
| Number of employees taking childcare leave | Total | - | 33 | 56 | 62 | 79 | 99 | 82 | 109 | 74 | 82 | 86 | People |
| | Male | - | - | - | - | 24 | 54 | 46 | 64 | 36 | 46 | 40 | People |
| | Female | - | 33 | 56 | 62 | 55 | 45 | 36 | 45 | 38 | 36 | 46 | People |
| Childcare leave acquisition rate | Male*1 | 100% | - | - | - | 34 | 94 | 93 | 104 | 92 | 102 | 108 | % |
| Average length of service | Total | - | 16.3 | 16.5 | 16.5 | 16.5 | 16.3 | 16.4 | 16.3 | 16.7 | 16.9 | 16.9 | Years |
| | Male | - | 18.2 | 18.0 | 17.9 | 17.7 | 17.5 | 17.3 | 16.7 | 16.7 | 17.0 | 17.2 | Years |
| | Female | - | 13.7 | 14.5 | 14.9 | 15.0 | 14.9 | 15.5 | 15.8 | 16.6 | 16.8 | 16.6 | Years |

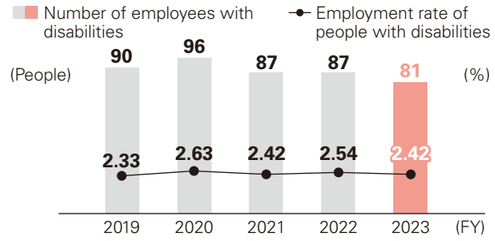
*1 The figures for the "Male Childcare Leave Acquisition Rate" for fiscal years up to FY2021 have been recalculated in accordance with the ratio of childcare leave acquisition as stipulated in Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25, 1991).

| | | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Scope 1*2 | | - | - | - | - | - | - | 4,246 | 4,549 | 4,869 | 4,745 | t-$CO_2$ |
| Scope 2*2 | | - | - | - | - | - | - | 11,647 | 11,506 | 10,709 | 8,956 | t-$CO_2$ |
| Scope 3*2 | | - | - | - | - | - | - | 193,812 | 11,843 | 11,107 | 115,699 | t-$CO_2$ |
| Amount of copy paper purchased | Consolidated | - | - | - | 10.6 | 10.2 | 8.6 | 7.0 | 6.9 | 6.4 | 5.8 | 10 million sheets |
| | Non-consolidated | - | - | - | 8.7 | 8.4 | 6.8 | 5.5 | 5.2 | 4.9 | 4.3 | |
| Energy consumption*3 | | 332,980 | 331,956 | 336,302 | 335,040 | 303,093 | 267,649 | 260,036 | 251,514 | 226,082 | 216,658 | GJ |
| $CO_2$ emissions*3 | | 17,915 | 17,183 | 19,401 | 16,942 | 14,800 | 13,292 | 11,656 | 11,619 | 10,764 | 8,954 | t-$CO_2$ |
| Paper waste disposal volume*4 | | - | 211.9 | 221.1 | 209.4 | 199.1 | 157.3 | 142.9 | 112.6 | 114.7 | 112.9 | t |
| Non-combustible waste disposal volume*4 | | - | 73.5 | 74.3 | 75.4 | 79.1 | 78.8 | 80.5 | 83.7 | 82.7 | 85.0 | t |
| Social contribution activity expenditure | | 9,586 | 6,570 | 6,265 | 6,793 | 6,398 | 7,052 | 7,294 | 7,422 | 8,136 | 10,655 | 10 thousand yen |
| Orico Group Social Contribution Fund expenditure | | 800 | 600 | 700 | 700 | 700 | 600 | 600 | 500 | 500 | 600 | 10 thousand yen |
| Number of participants in social contribution programs | | 123 | 91 | 109 | 238 | 296 | 577 | 771 | 1,309 | 1,737 | 1,731 | People |

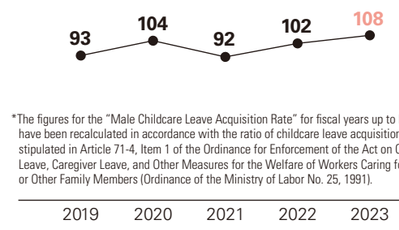
*2 The scope of the calculation includes the Company and its consolidated subsidiaries. In accordance with the GHG Protocol, the emissions from ORICO Auto Leasing Co., Ltd. and ORICO Business Leasing Co., Ltd., which became consolidated subsidiaries in October 2023, are included in Scope 1, 2, and 3 for the base year of FY2020 and the second half of FY2023. However, their figures are not included for FY2021, FY2022, and the first half of FY2023, as they were not yet consolidated subsidiaries during those periods (calculated as of the end of July 2024).
*3 Calculated based on the Act on the Rational Use of Energy
*4 Offices in the Orico Head Office Building (7 companies in total: Orico, Japan Collection Service Co., Ltd., CAL Credit Guarantee Co., Ltd., Staff Orico Co., Ltd., Orico Research Institute, Ltd., Orico Real Estate Co., Ltd., Orico Business & Communications Co., Ltd.)

## Non-financial Highlights

### Number of Employees with Disabilities / Employment Rate of People with Disabilities

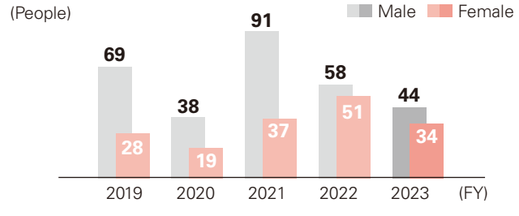



### Male Childcare Leave Acquisition Rate

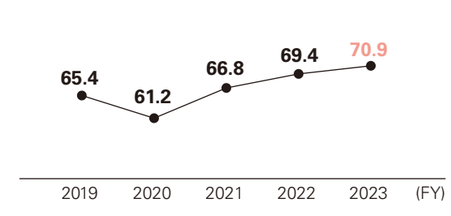



*The figures for the "Male Childcare Leave Acquisition Rate" for fiscal years up to FY2021 have been recalculated in accordance with the ratio of childcare leave acquisition as stipulated in Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25, 1991).

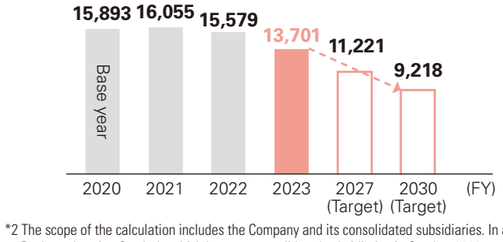
### Number of Newly Appointed Managers



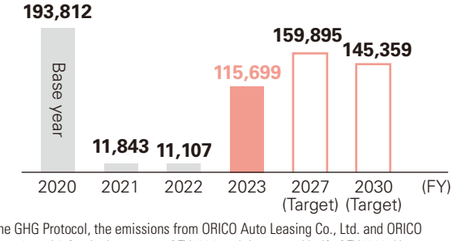

### Yearly Paid Leave Utilization Rate




### Scope 1 + 2*2




### Scope 3*2




*2 The scope of the calculation includes the Company and its consolidated subsidiaries. In accordance with the GHG Protocol, the emissions from ORICO Auto Leasing Co., Ltd. and ORICO Business Leasing Co., Ltd., which became consolidated subsidiaries in October 2023, are included in Scope 1, 2, and 3 for the base year of FY2020 and the second half of FY2023. However, their figures are not included for FY2021, FY2022, and the first half of FY2023, as they were not yet consolidated subsidiaries during those periods (calculated as of the end of July 2024).

For more comprehensive ESG-related information, please see "ESG Data".
https://www.orico.co.jp/en/company/sustainability/esg/

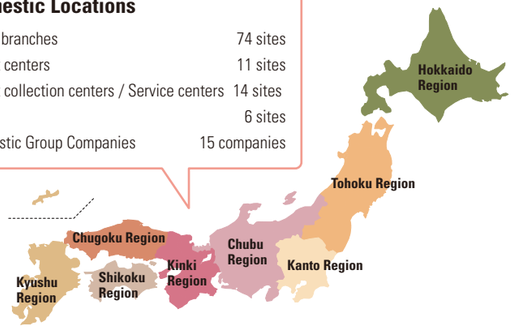
# Company Information / Stock Information (as of March 31, 2024)

## Company Overview

| | |
|---|---|
| **Trade Name** | Orient Corporation |
| **Stock Exchange** | Tokyo Stock Exchange Prime Market (Code: 8585, Name: Orico) |
| **Founded** | December 27, 1954 |
| **Main Businesses** | Installment credit business<br>Credit cards and cash loans business<br>Bank loan guarantee business<br>Settlement and guarantee business<br>Overseas business |
| **Capital** | 150 billion yen |
| **Number of Employees** | Non-consolidated: 5,585<br>Consolidated: 9,202 |
| **Headquarters** | 5-2-1 Kojimachi, Chiyoda-ku, Tokyo 102-8503<br>Tel: +81-3-5877-1111 |

### Domestic Locations

| | |
|---|---|
| Sales branches | 74 sites |
| Credit centers | 11 sites |
| Credit collection centers / Service centers | 14 sites |
| Other | 6 sites |
| Domestic Group Companies | 15 companies |




### Overseas Group Companies

Orico Auto Leasing (Thailand) Ltd. (Thailand)
Orico Auto Finance Philippines Inc. (Philippines)
PT Orico Balimor Finance (Indonesia)

## Major Consolidated Subsidiaries

| | |
|---|---|
| Orico Research Institute, Ltd. | Research and analysis on consumption, the economy, and technology trends; general support for talent development and education |
| Orico Real Estate Co., Ltd. | Real estate sales business (including real estate investment), real estate leasing business, real estate brokerage business |
| Orico Auto Leasing Co., Ltd. | Auto lease business for personal/non-fleet market |
| Orico Business Leasing Co., Ltd. | Leasing business in partnership with goods sales companies |
| Orico Business & Communications Co., Ltd. | Commercial product sales business, advertising and promotion business |
| Orico Forrent Insure Co., Ltd. | Rental guarantee service |
| Orico Product Finance Co., Ltd. | Credit purchase intermediation, credit guarantees, guarantee services, debt purchasing, collection and payment agency services |
| ORIFA Servicer Corporation | Investigation business, debt collection business |
| Staff Orico Co., Ltd. | Comprehensive shared services related to human resources, general affairs, accounting, finance, and governance support for Orico Group |
| Japan Collection Service Co., Ltd. | Debt collection business |
| Business Orico Co., Ltd. | Administrative processing for the Orico Group |
| HOLONIC CO., LTD. | Business solutions, outsourcing for the Orico Group |
| CAL Credit Guarantee Co., Ltd. | Auto loan guarantees for Orico |
| Orico Auto Leasing (Thailand) Ltd. | Auto loan business in Thailand |
| Orico Auto Finance Philippines Inc. | Auto loan business in the Philippines |
| PT Orico Balimor Finance | Auto loan business in Indonesia |

## Primary Equity-Method Affiliates

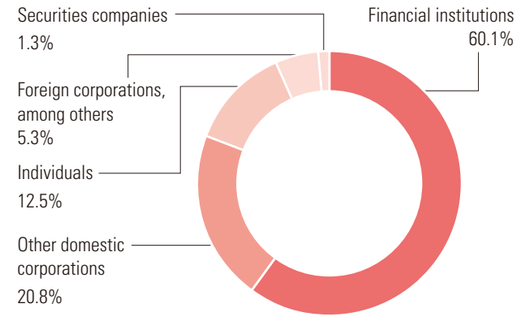
| | |
|---|---|
| ITOCHU Orico Insurance Services Co., Ltd. | Insurance distribution business |
| JCM Co., Ltd. | Business for automotive dealers |

For more comprehensive corporate profile information, please see "Corporate Overview".
https://www.orico.co.jp/en/company/corporate/about/

## Stock Information

| | |
|---|---|
| Total number of shares authorized | 182,500,000 shares |
| Issued and outstanding shares | 171,882,370 shares |
| Number of shareholders | 28,740 |
| Share units | 100 Shares |

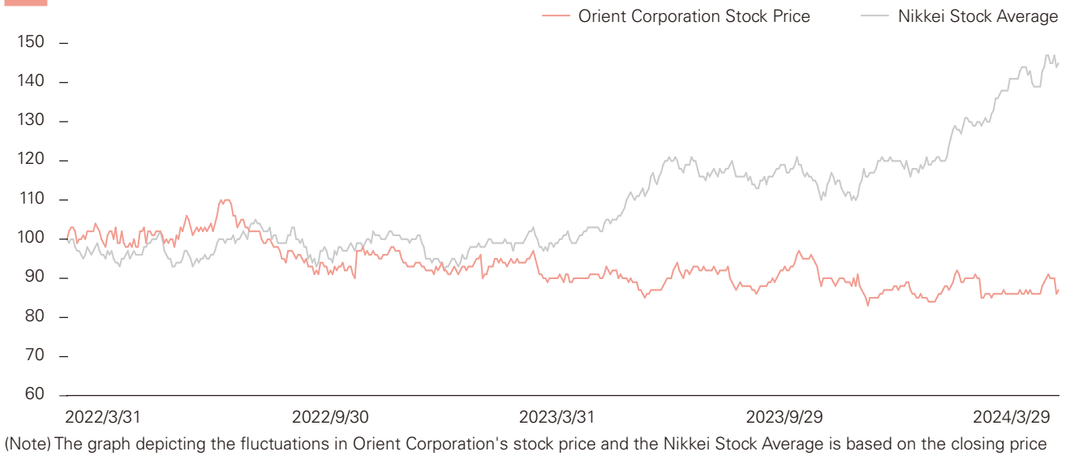
## Distribution of Shareholders by Type (Ordinary Shares)




## Major Shareholders

| Shareholder Name | Number of Shares Held | Shareholding Ratio |
|---|---|---|
| Mizuho Bank, Ltd. | 83,640,000 shares | 48.66% |
| ITOCHU Corporation | 28,404,000 shares | 16.52% |
| Custody Bank of Japan, Ltd. (Trust Account) | 8,816,000 shares | 5.12% |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 7,972,000 shares | 4.63% |
| Chuo-Nittochi Co.,Ltd. | 1,917,000 shares | 1.11% |
| Tokyo Century Corporation | 1,536,000 shares | 0.89% |
| STATE STREET BANK WEST CLIENT – TREATY 505234 | 904,000 shares | 0.52% |
| MSIP CLIENT SECURITIES | 808,000 shares | 0.47% |
| Hiroyoshi Morimoto | 737,000 shares | 0.42% |
| STATE STREET BANK AND TRUST COMPANY 505223 | 587,000 shares | 0.34% |

## Stock Price Chart




(Note) The graph depicting the fluctuations in Orient Corporation's stock price and the Nikkei Stock Average is based on the closing price at the end of March 2022, set at 100. As of October 1, 2022, we have conducted a reverse stock split at a ratio of 1 share for every 10 ordinary shares. The stock price fluctuations take into account the effect of the reverse stock split.

For more detailed IR-related information, please visit our Investor Relations (IR) website.
https://www.orico.co.jp/en/company/ir/

Orient Corporation

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