

# Value Creation Story

This section describes how ORIX is creating value based on the capital resources it has acquired since its founding.

Introduction	12
History and Inherent Values	13
Value Creation Model	14
Management Capital	15
Value Drivers	16
Model for Adding Value	17
Value Creation Case Studies	19



# Introduction

## ORIX aims to bring new vitality to companies and people to realize a sustainable society

### Our Perception of External Conditions

Uncertainty is increasing due to a complex interplay of factors, including deepening environmental problems and a changing industrial structure. This opaque outlook makes predictions difficult.



### Social Issues We Can Help Resolve

In an age of uncertainty, we are using our diverse business portfolio to help with various social issues. We also take a multifaceted approach to address complex social issues that are difficult to resolve through a single business.



### Material Issues and Key Goals

ORIX has identified material issues and key goals related to ESG. By focusing on these, we will help to resolve various social issues.

Note: Please refer to ESG-related Material Issues and Key Goals on page 30 for additional details.



### The Society We Envision

We aim to realize a vibrant and sustainable society by resolving social issues through our diverse business activities.



# History and Inherent Values

ORIX has developed into a unique corporate group by creating new value as it broadens its business by repeatedly moving into neighboring fields. This brief overview of ORIX's 58-year history and the inherent values it passes down to the future show the path we have taken to create our diversified business portfolio.

## From 2010 Change is the Only Constant

As we enhanced our expertise in financing and tangible assets, we expanded into non-financing businesses of investment and operation. Through further diversification into mega solar power generation, concession, and other businesses, we continue to take on the challenge of creating new value across industry borders.

### 1970s Into Neighboring Fields

Despite the impact of a decline in capital investment due to two energy crises, ORIX continued to grow steadily by repeatedly moving into neighboring fields to diversify its products and services beyond leasing. ORIX also focused on expanding overseas, starting with Hong Kong in 1971, followed by Singapore, Malaysia, South Korea, and elsewhere.

### 2000s Agile, Flexible, and Adaptable

ORIX established a solid revenue base with the success of its diverse expansion strategies that developed both domestic and overseas markets in its corporate and consumer, and asset and fee businesses. After the global financial crisis, ORIX worked to reinforce its corporate structure and restructure its business, changing its portfolio in an agile, flexible, and adaptable manner.

### 1960s Standing on Our Own

The Company was established in 1964 by three trading companies and five banks to popularize leasing as a new financing method in Japan. ORIX shifted away from doing business primarily with its shareholding corporations to establish a foundation as a more independent entity with its own direct-sales style and way of conducting transactions, and went public in 1970, only six years after its founding.

### 1980s and 1990s Interdepartmental Group Collaboration

Competition intensified as a series of new companies entered the leasing industry. The start of full-scale Group management strengthened communication and cooperation among departments and Group companies. At the same time, measures including proactive M&A accelerated ORIX's transformation into an international and diversified financial services business.

Net income  
**¥312.1 billion**

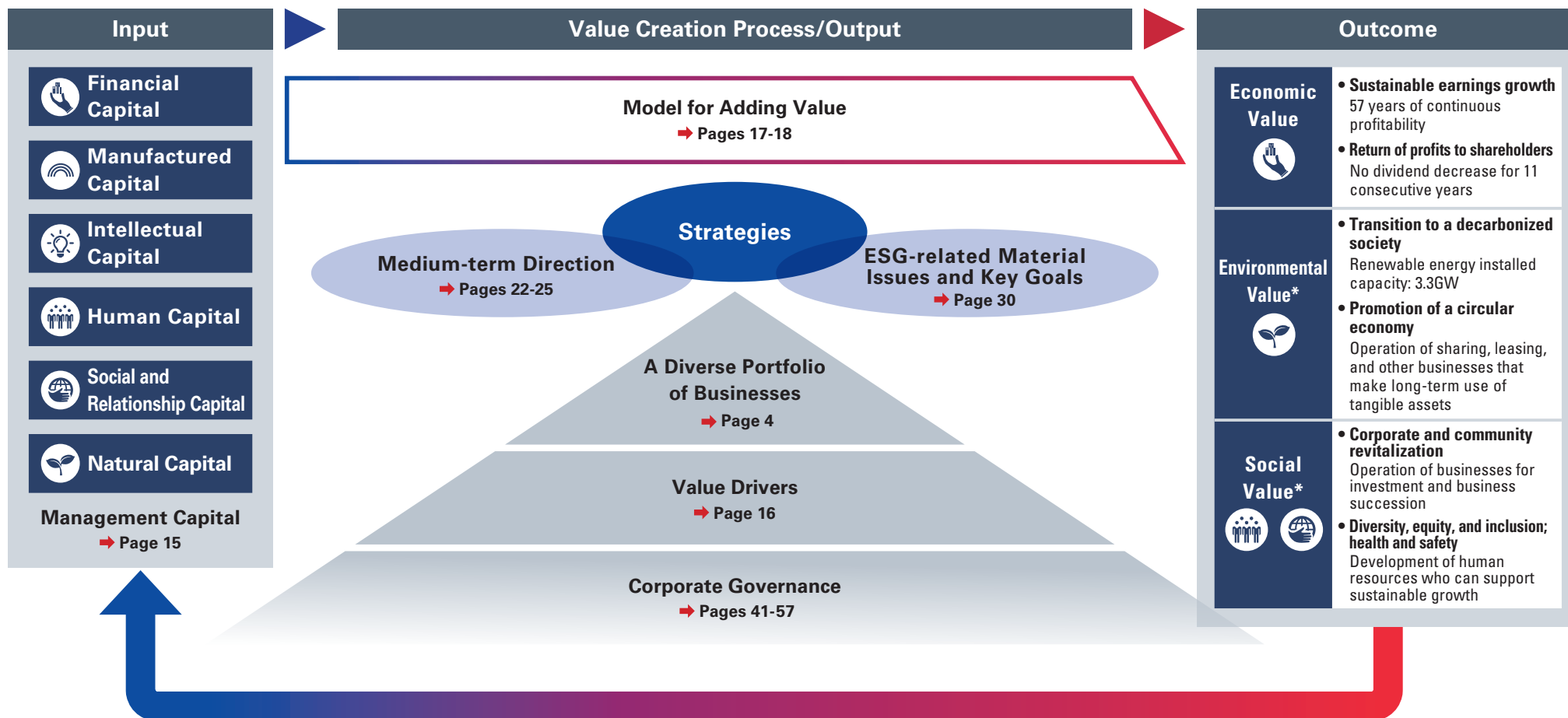
Net Income



Introduction of leasing as a new financing method	Diversification/globalization from repeatedly moving into neighboring fields	Ramping up full-scale Group operations	Expanding in new business fields	Creating new value through diversified business operations
---	--	--	----------------------------------	--

# Value Creation Model

ORIX employs the capital resources it has acquired since its founding to create value, using its own value creation model to add further value. This has enabled us to expand our business into our current 10 segments and to provide value unique to ORIX in multiple markets. We will continue to provide value to society with this cyclical model.



ORIX's record of success has earned stakeholder selection and trust.

\* Please refer to our [Sustainability Report](#) for more detailed information on environmental and social value.

# Management Capital

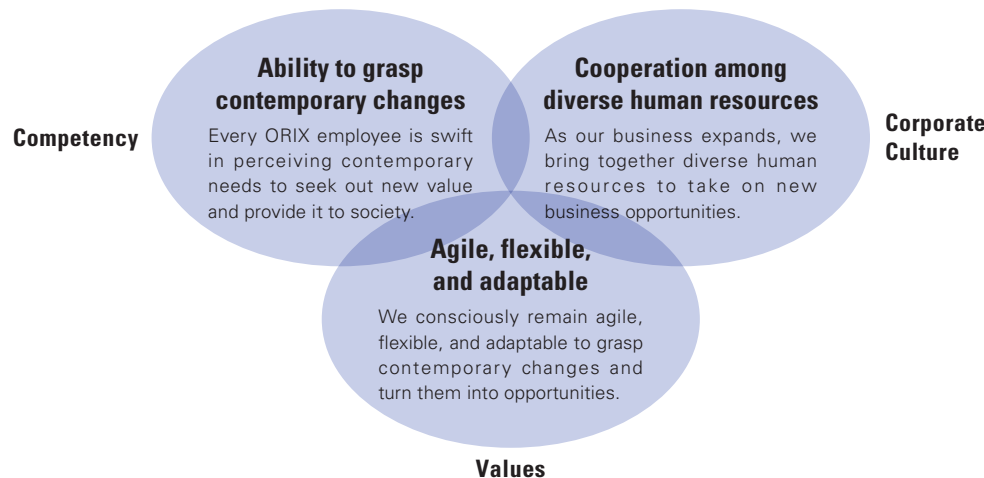
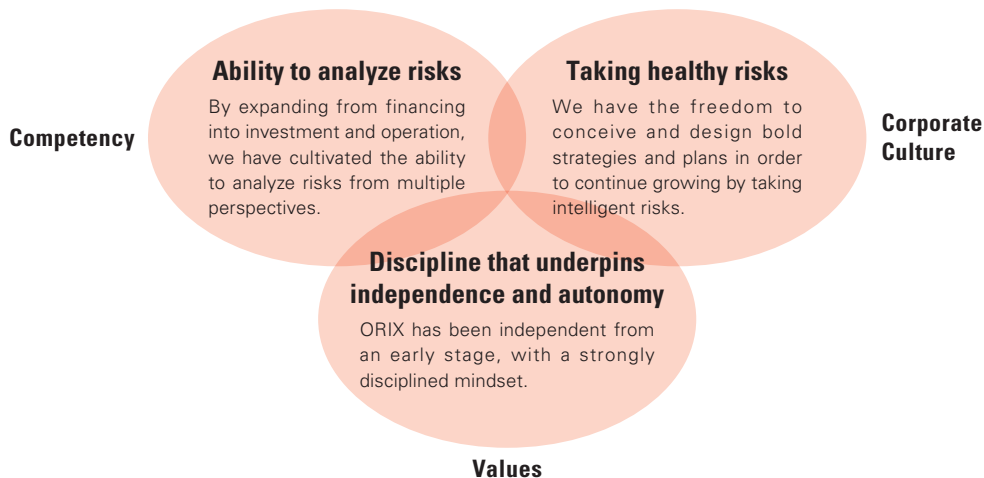
The capital resources that ORIX has cultivated to support its business activities since its founding will be a source of value creation in the future. We will sustainably create value by increasing and effectively deploying these capital resources.



**Optimize capital and the business portfolio to enable sustainable growth, even in an age of uncertainty.**

# Value Drivers

For ORIX, risk management and people are value drivers and factors that increase corporate value. This section explains ORIX’s approach to risk management and people, and how they increase corporate value.



ORIX has expanded and grown its businesses by addressing the needs of customers and changes in the environment. Corporate growth requires identifying and taking risks while maintaining financial soundness. This mindset is the basis of our risk management.

Based on our concept of “Keep Mixed,” we hire diverse human resources. Each and every employee develops the ability to grasp contemporary changes and the mindset to turn those changes into opportunities. Our people are our assets, and represent the source and driving force behind the growth of ORIX.

**Initiatives to Maintain and Enhance These Qualities**

**Establishing a Group-wide Risk Management System**  
**Risk Factor Analysis and Management**

[➔ Details on page 37](#)

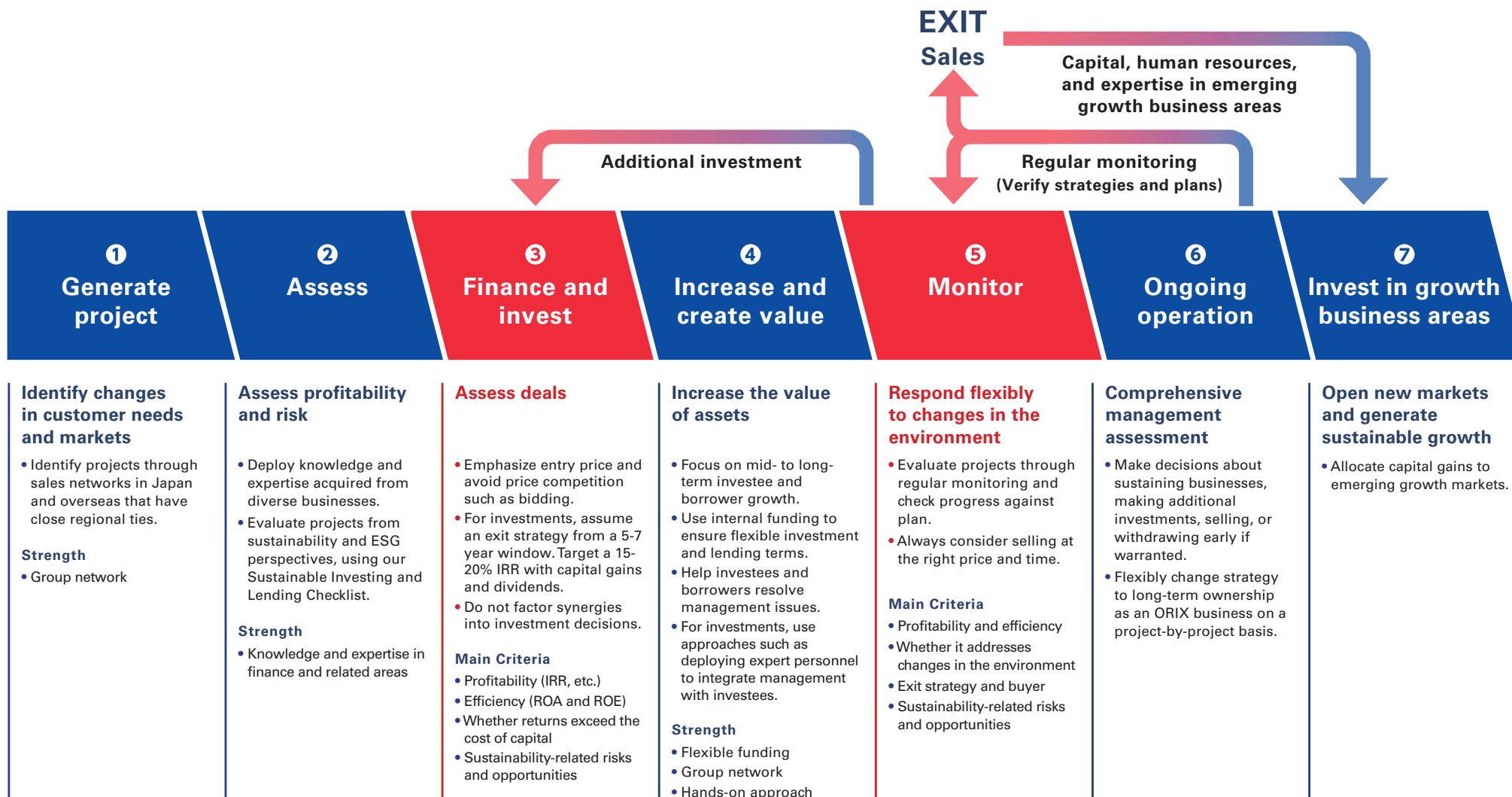
**Initiatives to Maintain and Enhance These Qualities**

**Promoting Diversity, Equity, and Inclusion**  
**Human Resource Development**

[➔ Details on page 33](#)

# Model for Adding Value

ORIX started off in leasing and has grown by expanding into neighboring businesses. Our ability to take on the challenge of entering new markets is based on a business model for adding value that allows us to correctly assess risks and business potential to lead to value creation and generate growth. Here, we explain the components and features of ORIX’s model for adding value.



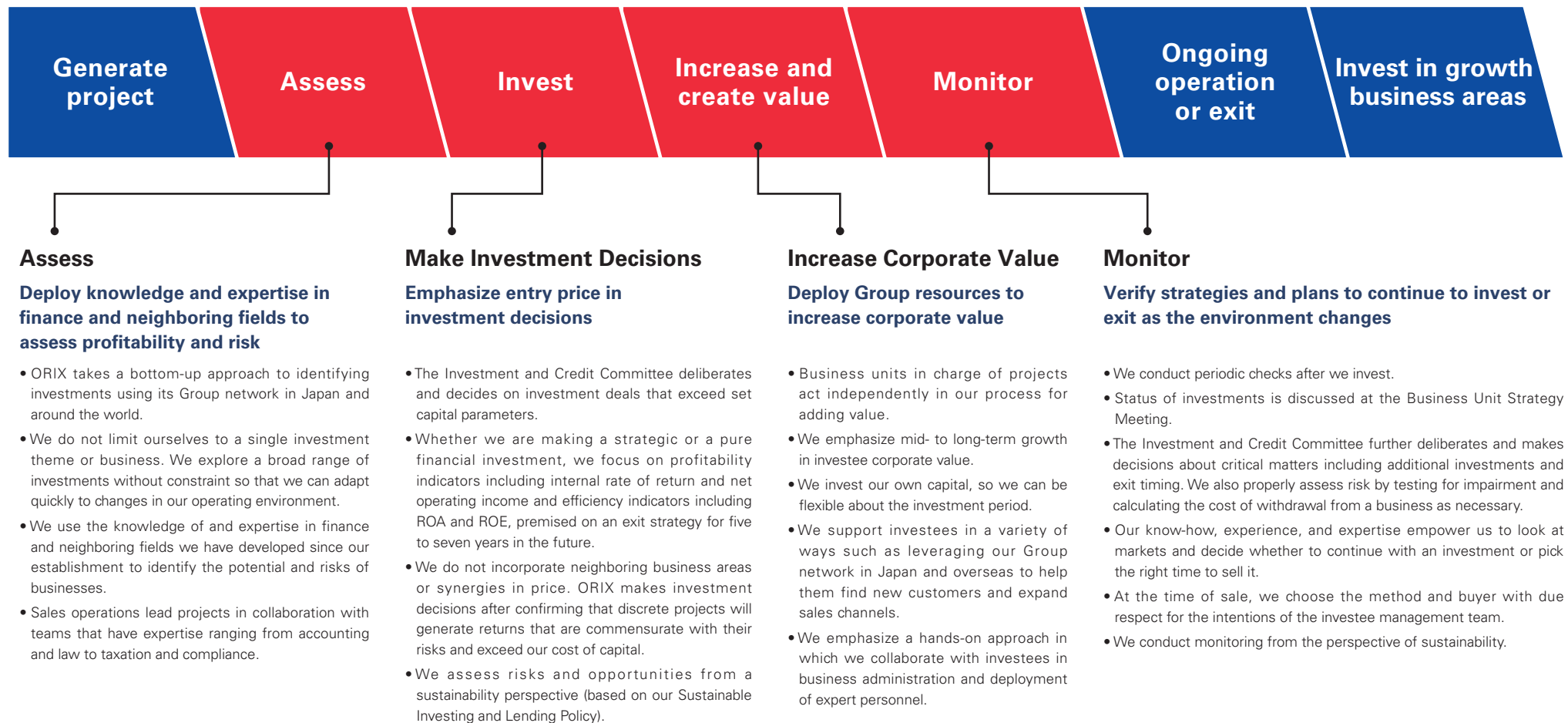
## Model for Adding Value

### Adding Value and Managing Risks in Investment

ORIX manages investment risk by appropriately assessing and controlling risks with a focus on taking healthy risks that support growth. We deploy our financial knowledge and expertise to screen projects identified by frontline

sales. Investment then follows an investment decision by top management. We subsequently increase investee corporate value over the medium- and long-term and regularly monitor businesses to determine whether to

continue or exit. Our demonstrated ability to maximize investee corporate value has made ORIX an investment partner of choice among its investees, which helps us source new investments.



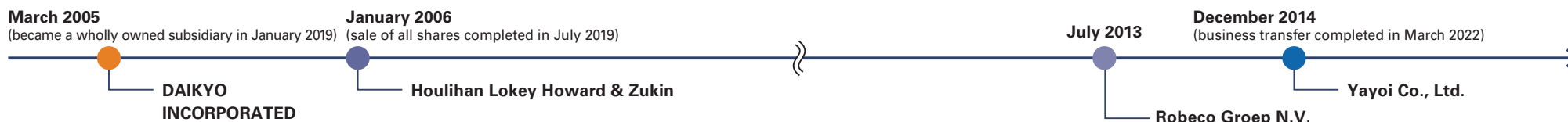


# Value Creation Case Studies

ORIX is able to achieve sustainable growth by continuing to apply its model for adding value. Below are some of ORIX’s unique large-scale investment projects and examples of the value they add.

Investee	Main Businesses	Investment Background	Examples of Value Added
<b>DAIKYO INCORPORATED</b>	<b>Condominium development, brokerage, maintenance, and management</b>	ORIX took an equity stake in DAIKYO in March 2005 and made it a wholly owned subsidiary in January 2019 to generate greater synergies. DAIKYO is mutually complementary with the real estate business ORIX handles, and its integration has stepped up our capabilities in this area for growth as a comprehensive real estate group.	<ul style="list-style-type: none"> <li>• DAIKYO has been integrated into the Real Estate segment.</li> <li>• The joint structure has enabled us to work on large-scale projects.</li> </ul>
<b>Houlihan Lokey Howard &amp; Zukin</b>	<b>Investment bank</b>	In January 2006, we acquired the U.S. investment bank Houlihan Lokey Howard & Zukin (currently Houlihan Lokey, Inc.) through ORIX USA. We achieved a high IRR that is emblematic of our ability to add value in the U.S.	<ul style="list-style-type: none"> <li>• We generated synergies between Houlihan Lokey, Inc., with its strength in M&amp;A intermediation, and ORIX USA, with its strength in financing for medium-size companies.</li> <li>• We conducted an IPO in 2015 and completed the sale of all shares in 2019.</li> </ul>
<b>Robeco Groep N.V.</b>	<b>Asset management</b>	In July 2013, we acquired the asset management company Robeco Groep N.V. (currently ORIX Corporation Europe N.V.) from Rabobank, a leading financial institution in the Netherlands. This offered a significant opportunity to increase earnings from fees in the financial business.	<ul style="list-style-type: none"> <li>• It has grown into a core business that forms one of our segments.</li> <li>• Assets under management increased from EUR 189.0 billion (as of December 31, 2012) to EUR 327.9 billion (as of March 31, 2022).</li> </ul>
<b>Yayoi Co., Ltd.</b>	<b>Business software</b>	In December 2014, we acquired Yayoi Co., Ltd., a business software services company. The company has secured a high market share for accounting software for small businesses and has a stable customer base as a result of its maintenance services.	<ul style="list-style-type: none"> <li>• The number of registered subscribers increased from 1.25 million (as of September 30, 2014) to 2.50 million (as of September 30, 2021).</li> <li>• We completed a business transfer in March 2022.</li> </ul>

## Major Investment Projects/Chronology



Value Creation Case Studies



Investee	Main Businesses	Investment Background	Examples of Value Added
<b>Kansai Airport Co., Ltd.</b>	<b>Operation of three airports in Kansai</b>	In April 2016, Kansai Airport Co., Ltd. launched Japan's first privately owned full-scale airport operation business. This exemplifies ORIX's unique ability to launch new businesses, achieved through its expertise in the two fields of real estate and business investment, as well as its strong partnerships with external parties.	<ul style="list-style-type: none"> <li>The number of passengers increased from 38.68 million (fiscal year ended March 2016) to 48.90 million (fiscal year ended March 2019; before the COVID-19 pandemic).</li> <li>We started various renovations.</li> </ul>
<b>Avolon Holdings Limited</b>	<b>Aircraft leasing</b>	In November 2018, we acquired 30% of the outstanding shares of Avolon Holdings Limited (Avolon), the world's third-largest aircraft leasing company. This deal was made using our network with Avolon and its parent company, HNA Group of China, in addition to our expertise in aircraft leasing.	<ul style="list-style-type: none"> <li>Avolon's financing environment has improved due to better creditworthiness.</li> <li>We expanded into the primary market with orders from aircraft manufacturers.</li> </ul>
<b>Lument (ORIX Real Estate Capital Holdings, LLC)</b>	<b>Asset management (Real estate loan origination)</b>	ORIX Real Estate Capital Holdings, LLC conducted a rollup by acquiring RED Capital Group, LLC and Lancaster Pollard Holdings, LLC in January 2019, and Hunt Real Estate Capital, LLC in April 2020. We are uniquely positioned in the field of real estate loan origination in the U.S.	<ul style="list-style-type: none"> <li>We operate the business under the Lument brand.</li> <li>Lument is the number one Federal Housing Administration (FHA) loan originator in the U.S.*</li> </ul>
<b>Greenko Energy Holdings Elawan Energy S.L.</b>	<b>Renewable energy</b>	We invested in Greenko Energy Holdings (Greenko) of India in March 2021, and acquired Elawan Energy S.L. (Elawan) of Spain in July 2021. Both companies are important platforms for global renewable energy deployment, with multiple development projects.	<ul style="list-style-type: none"> <li>Greenko and Elawan have pipelines of 18GW and 9GW, respectively, and plan on smooth progress in development with ORIX's capital participation.</li> </ul>

\* Source: Mortgage Bankers Association's 2021 CRE Originations Rankings

Major Investment Projects/Chronology

