

Small Group Meeting between Investors and Outside Directors:
Q&A Summary

Date & Time: January 28, 2026 (Wednesday), 14:00–15:35

Speakers:

- Aiko Sekine, Outside Director (Chair of the Audit Committee)
- Chikatomo Hodo, Outside Director (Chair of the Compensation Committee; Member of the Nomination Committee)

Moderator:

- Kazuki Yamamoto, Corporate Officer (In charge of Corporate Planning, Investor Relations, and Sustainability, Corporate Division)

**Titles are as of the date of this meeting*

Succession

Q:

- **Mr. Takahashi became CEO just one year after assuming the role of COO. Could you explain the details of the succession nomination and evaluation process?**

Sekine:

- The Nomination Committee first created a long list of candidates with the help of an external consulting company. In narrowing the list to a short list, international experience was given significant weight, among other things. Interviews were conducted with the candidates, and the process proceeded while incorporating the views of former CEO Mr. Inoue and relevant members of management.
- While external candidates were also considered, given ORIX's highly diversified business portfolio, it was ultimately determined that someone with deep internal knowledge was most appropriate at this stage.
- In line with former CEO Mr. Inoue's views, there was a shared understanding that transitioning to a new leadership structure at an early stage would be preferable, which resulted in the one-year transition.

Hodo:

- When I was appointed as an outside director, several fellow outside directors told me that the most important agenda was selecting the next leader.
ORIX has a unique system under which all outside directors may attend committees to which they are not formally assigned as observers. At one point during the succession process, outside directors met independently to discuss the matter.
- In addition to international experience, we also assessed factors such as generational

management, team-building capabilities, and the ability to balance individual leadership strengths with teamwork. Through this process, Mr. Takahashi emerged as the successor candidate.

- While some may feel that one year as COO was short, we carefully observed developments and, taking into account the views of relevant individuals, concluded that this timing was appropriate.

ORIX Group Growth Strategy 2035

Q:

- **What discussions took place at the Board regarding the formulation of *ORIX Group Growth Strategy 2035* and the long-term management targets (ROE of 15% and net income of JPY 1 trillion)?**
- **Additionally, how does the Board view business transformation through the use of digital technologies?**

Sekine:

- ORIX has a strong culture where each employee has a strong mindset to take on new challenges. When I first joined the Board, I wondered if this culture might change with a leadership transition. However, when I met with younger ORIX employees, I felt that this mindset was instilled in them as well, so I have come to think that this mindset is well-embedded throughout the group, in both new recruits and through talent development efforts. That said, to sustain this culture, it is important for the Group to share a single overarching goal. This led to the formulation of our Purpose and long-term management targets. These targets were intentionally set over a sufficiently long-time horizon and at a level that requires stretching, but remains achievable with sustained effort.
- With respect to digital technologies, given the breadth of our businesses, initiatives have tended to be optimized at a local level. Going forward, to drive transformation, it would be preferable to build a common platform and deploy it across the Group.

Hodo:

- ORIX is fundamentally more opportunistic than strategic, moving quickly into businesses with high profitability. By articulating our Purpose and frameworks such as “Growth” and “Pathways,” we have added a clearer strategic perspective. This mindset is particularly important overseas, and management—including CEO Takahashi—shares this view. As outside directors, we have emphasized the importance of maintaining a balance so that ORIX remains not only opportunistic but also strategically coherent.
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ROE 15%

Q:

- **Which businesses are expected to drive growth toward achieving the ROE target of 15%, and what are ORIX's competitive advantages? How does the Company think about the balance between growth investments and shareholder returns?**

Hodo:

- One element of ORIX's corporate premium is its ability to apply a global "time-machine" approach (deliberate early-stage positioning based on long-term value creation and anticipated market maturation) and capture arbitrage opportunities. Another is its strength in niche areas, such as renewable energy, concessions, and the Osaka IR project. ORIX effectively balances niche and large-scale opportunities by looking at both global and domestic markets.
- Compared with trading companies, ORIX moves more quickly and demonstrates dynamism similar to firms like Blackstone.
- Japan still has many inefficiencies, and ORIX has the ability to identify these and turn them into viable businesses. CEO Takahashi's overseas experience enables him to manage domestic and international strategies in a balanced and highly strategic manner.
- Having businesses not only in finance and investment categories but also operation category is a significant strength. While an ROE of 15% is a challenging target, for ORIX, this is not an unrealistic target, and I believe ORIX is a rare company that can achieve such a high target through dynamic execution.

Sekine:

- ORIX has grown by repeatedly expanding into "adjacent and further adjacent areas." ORIX starts small and scales up. Even if an initiative fails, the downside is limited, because the company has taken only a small step in an area it knows very well, allowing the Company to pivot quickly. Backed by experience and accumulated know-how, ORIX demonstrates strong discernment in determining whom to partner with. While leasing is its original business, its ability to remain unconstrained by any specific business has also been a source of strength.
- That said, a ROE target of 15% is a challenging one. When viewed on a business-by-business basis, some segments have relatively low ROE, and addressing this remains a key issue.
- With respect to the balance between shareholder returns and growth investment, our view is to invest first to drive growth, which in turn enables us to deliver returns to shareholders. We invest to generate sufficient earnings to support returns, and then deliver those returns to shareholders.

Q:

- **What are the key risks in achieving the ROE 15% target?**

Sekine:

- As we are making investments, failures are inevitable at times. From my position as Chair of the Audit Committee, I pay particularly close attention to whether decisions are reasonable and whether there are any compliance issues.
- Shortly after I assumed the role of Chair of the Audit Committee, the Kobayashi Kako incident occurred. It was later identified as a quality control issue. While travel restrictions during the COVID-19 pandemic prevented us from visiting the investee company's operations on site, this was a lesson learned for me.
- ORIX, having originated as a financial services company, has well-established internal control systems. However, applying the same (high) standards uniformly to investee companies can sometimes be impractical. It may be more appropriate to promote governance in investee companies at a level of a small company that is preparing for an IPO.

Hodo:

- Previously, many critical decisions were concentrated with the former CEO Inoue, creating a key-person risk. Over approximately three years, Mr. Otsuka, an executive officer who joined from Goldman Sachs, built a risk management system ("dashboard"), which is now regularly reviewed by the Audit Committee and actively used by top management and business heads. Not merely put in place, but is actually being used.

Q:

- **Has the dashboard been completed?**

Hodo:

- Depends on how much granular information should be covered, and how comprehensively various types of risks should be addressed. At ORIX, where the business portfolio continues to evolve, it could be said that the dashboard will "never fully be complete." The dashboard is at a level that could, in the future, potentially be offered as a standalone product.
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Effectiveness of the Board

Q:

- **When there is a divergence of views between outside directors and management at the Board level, how is it addressed? In addition, what challenges remain in enhancing the effectiveness of the Board?**
- **Since the transition to the management structure under Mr. Takahashi as COO, have**

there been any changes in the quality of Board discussions or in agenda setting? Also, as recent topics, how have issues such as cybersecurity and geopolitical risks been discussed at Board meetings?

- **Mr. Inoue, the former CEO, once stated that he “considers an exit from the very day an investment is made.” When opinions differ between management and outside directors regarding the timing of divestment at the Investment and Financing Committee, how are such differences ultimately resolved?**

Sekine:

- The contents of the Investment and Financing Committee are shared with the Audit Committee by the Audit Committee secretariat, and we also receive specific memos on noteworthy matters. Among these, transactions involving large amounts or those with significant social impact are further discussed at Board meetings.
- The initial investment decision for the Osaka IR project was made before I was appointed as a director of ORIX. Subsequently, when new directors joined the Board, there was a request that the investment decision be explained again by the management side to the outside directors. For significant decisions, we are asked to explain the investment rationale each time.
- With regard to Greenko*, I initially raised questions from my capacity as an Audit Committee member, specifically from the point of view of whether the transaction could be viewed as a scheme designed primarily to generate profits. CEO Takahashi, who was in charge of the matter at the time, explained that it was “necessary to change the nature of our relationship with Greenko, and that the divestment was undertaken for that purpose, with the structure being a consequence of that decision.” Within ORIX, the Business Accounting Department, which sits within the accounting function, reviews accounting and tax matters at the due diligence stage to ensure that no issues arise after execution. In fact, the matter was thoroughly examined, and ultimately I was satisfied both from an accounting and a business perspective.

*In July 2025, ORIX sold a portion of its shares in Greenko Energy and subscribed to convertible bonds issued by AM Green.

Hodo:

- In the past, there was a case where I first became aware of an ORIX transaction through a newspaper article, and I requested that such matters be shared in advance going forward.
- In some cases, including energy projects in India, the management team moved forward while exploring options, and there was also opposition.
- With respect to changes in Board discussions since Mr. Takahashi became CEO, there has been no significant change, as Mr. Inoue, the former CEO, continues to serve as Chair of the Board. That said, Mr. Takahashi, the current CEO, speaks actively and also sets the agenda.

Q:

- **I am reassured to hear that the outside directors are not merely “yes-men.”**
- **As an outside director, do you spend more time on your duties at ORIX compared with your role as an outside director at other companies?**

Sekine:

- The number of regular Board meetings is fewer than at other companies.
- The Audit Committee also appears to have met less frequently in the past; however, this point was raised by my predecessor, and currently the frequency is broadly in line with that of other companies.
- In addition to the committee meetings, in my capacity as Chair, I hold meetings with the secretariat twice a month. When these are taken into account, Audit Committee members spend a considerable amount of time on their duties, and the Chair in particular requires a significant time commitment. That said, I consider the time commitment to be manageable, and I believe that there are many valuable insights and benefits gained as a result.

Hodo:

- Given that there we also participate as observers in meetings for committees for which we are not members, I believe the workload is relatively heavy. Among the three committees, the Audit Committee has the biggest workload.
- Twice a year, briefing sessions are held by each of the ten business segments, which helps provide a clear understanding of who is responsible for what. While time-consuming, this is an important program for external Board members.
- More recently, we had a site visit to the Kansai International Airport.

Sekine:

- Although I am sometimes unable to attend the segment briefing sessions due to scheduling constraints, the recordings of the briefings are shared, so I watch them at a later date.

Management Appointments and Compensation

Q:

- **With regard to management, including executive officers, are there any challenges related to the appointment and development of global talent or to the executive compensation system? In addition, if there is room for improvement in the organizational structure or management skills, what areas should be addressed?**

Hodo:

- The appointment of global talent has been discussed for some time, and trial initiatives have been implemented.

- Executive compensation is primarily evaluated based on profits, and revising the compensation framework is a high-priority agenda item for CEO Takahashi.

Sekine:

- ORIX has long been proactive in mid-career hiring, with little distinction between new graduates and experienced hires.
- As a result of discussions on global management, two overseas subsidiary CEOs were appointed as Group Executive Officers, equivalent in rank to head office executive officers*.
*James Meyler (CEO of ORIX Aviation Systems Limited and Director of Avolon Holdings Limited) and Karin van Baardwijk (CEO of Robeco Institutional Asset Management B.V.).
- In addition to profit-based KPIs, ESG metrics have been incorporated, and the introduction of ROE as a KPI is currently under discussion.
- The organizational structure was changed in January. While the Group operates a diverse range of businesses, they are closely interconnected, and the new structure has been thoughtfully designed.

Utilizing Investor Dialogue

Q:

- **How will insights gained from today’s dialogue with investors, such as expectations and concerns, be reflected in management strategy?**

Hodo:

- At the beginning of my tenure, former CEO Inoue cited Macquarie and Blackstone as benchmarks. We would like investors to continue sharing what they expect from ORIX.

Q:

- **I would like management to focus on ROE. While the targets of “15% ROE and JPY 1 trillion in profit” were explained as being primarily intended for employees, I am concerned that an excessive focus on profit scale could undermine ORIX’s strength—its nimbleness.**

Hodo:

- Since CEO Takahashi assumed office, the ROE-focused mindset has become more deeply embedded among employees.

Sekine:

- ORIX has traditionally operated opportunistically across its divisions.

Hodo:

- While ORIX can operate both data center businesses and related peripheral businesses, its

portfolio is not yet fully optimized. In the near term, opportunities are expected particularly in the technology sector.

Importance of Share Price

Q:

- **How important is the share price from the perspective of outside directors?**

Hodo:

- A portion of outside directors' compensation is equity-based.
- While the Board does not directly discuss share price levels, we believe that executing the right initiatives will naturally lead to share price appreciation.

Sekine:

- For ORIX, funding is extremely important. Accordingly, the Company places emphasis on long-term shareholders, and there is an underlying belief that the share price should be increased consistently over time. Based on the premise that the share price must continue to rise, the Board engages in discussions focusing on investors with whom we maintain ongoing, in-depth dialogue. The IR activities conducted by Mr. Inoue, the former CEO, and Mr. Takahashi, the current CEO, are shared with the Board not only in terms of the names of investors met, but also the substance of the discussions held.
- Since Mr. Takahashi assumed the role of COO in January 2025, he has reported on his activities in his own words at every Board meeting and the Audit Committee. I feel that these activities have become more visible as a result.

Q:

- **How do you intend to contribute to enhancing ORIX's corporate value as an outside director?**

Sekine:

- This is a theme I constantly reflect on. I always try to consider how investors would view matters when engaging in discussions at Board meetings and elsewhere. In that sense, meeting directly with investors is also extremely valuable and informative.

Hodo:

- Two new outside directors were recently appointed, and the Nomination Committee is discussing what skills and experience are required for individuals to serve as members of ORIX's Board of Directors. We are also hearing views from management and holding discussions with Mr. Takahashi, the current CEO.
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Assessment of Appropriateness of Accounting Valuation of Private Assets

Q:

- **From the perspective of the Chair of the Audit Committee, how do you assess the appropriateness of accounting valuations for assets without observable market prices—such as private credit, private equity investments, and renewable energy businesses. In particular, I am interested in whether the process for identifying and discussing impairment risks at an early stage is functioning adequately, especially during periods of changing interest rates and credit conditions.**

Sekine:

- The valuation (and resulting gains or losses) of assets without market prices can indeed have a significant impact on the Company's financial performance.
- Because such assets cannot be evaluated based on a single definitive figure and are subject to fluctuation, appropriate valuation is particularly important. When I was appointed as an outside director of ORIX, I confirmed aspects such as the valuation framework, the frequency of valuations, and whether individuals with sufficient expertise are involved in the process. It is essential that internal controls and related processes are in place and functioning effectively.
- Impairments are generally perceived as a sign of failure; however, at ORIX there is a strong mindset that "assets without value should be exited promptly." This is viewed as a step towards the next opportunity.
- At the Audit Committee, we regularly receive explanations from the external auditors and engage in discussions with them. We discuss whether the judgments made would appear reasonable from a third-party perspective and whether there could be differing views. These discussions are also reflected in the identification of audit risks in the course of the financial statement audit.
- Around four to five years ago, the disclosure of so-called Key Audit Matters (KAMs) was introduced in the annual securities report. As small changes in assumptions can significantly alter the level of risk, we closely review the valuation methodologies and quality, as well as the auditors' level of understanding.

Q:

- **In the private credit industry, there have been cases at other firms where the valuations of existing investments declined sharply.**
- **At ORIX, even if only hypothetically, if management were inclined to conceal issues—for example, within the U.S. credit business—does the audit function have the ability to appropriately check and deter such risks?**

Sekine:

- With respect to the United States, while it is not feasible for us to verify each matter on the

ground individually, there is also an Audit Committee in the U.S., and I participate as an observer approximately once a year. A few years ago, I visited the U.S. and conducted direct interviews, and on that occasion, I also exchanged views with the U.S. auditors.

- -This is not limited to the United States; we proceed by engaging in discussions with the auditors, accounting, compliance, and legal teams across each Group company, including overseas subsidiaries.

Hodo:

- In managing risks related to Group companies, the risk dashboard mentioned earlier is particularly important, and its continued evolution is key. Going forward, we will also be deploying capital from the fund established with the Qatar Investment Authority, which will require more complex portfolio management. Mr. Takahashi, the current CEO, has a strong understanding of this point.

Understanding ORIX

Q:

- **ORIX is a conglomerate with a complex business structure. Are there any mechanisms in place to support directors' understanding of the businesses?**

Sekine:

- With respect to onboarding, when one becomes an outside director, an overview of the businesses is provided, and if one serves as an Audit Committee member, additional explanations are given by the committee secretariat. It is also possible to participate as an observer in other committees for which you are not a member, and there are segment briefing sessions as well.
- For newly appointed directors, we ask management to explain matters from first principles, and questions raised by more experienced directors often follow, which tends to further deepen understanding.

Hodo:

- In terms of onboarding, there are opportunities such as briefings and divisional presentations to support the catch-up process.

(Note) Certain portions of the above have been supplemented and revised for clarity.

End.

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