



CEO Commentary

In this interview, Makoto Inoue, ORIX's Chief Executive Officer, assesses the business environment, discusses which fundamental business strategies will remain most relevant in the future, and lays out the goals of the newly introduced disclosure using three categories.

Q: What are your perceptions of the business environment?

Inoue: Interest rates, exchange rates, and other aspects of the external macroeconomic environment are changing. The Bank of Japan set short-term yen interest rates at zero to negative levels and implemented yield curve control in maintaining monetary easing policies for the yen for an extended period toward the Japanese government's goal of ending long-term deflation. However, now Japan has been transitioning back toward rates hikes in a return to a "world with interest rates." Meanwhile, during the COVID-19 pandemic, countries worldwide (particularly developed countries) responded with significant monetary easing as a preventive measure against economic risks involving employment and trade. Liquidity remained high in financial markets around the world as a result, which led to higher wages, prices, and interest rates worldwide, and supported significant stock market gains. In addition, the emergence of certain geopolitical risks has exacerbated inflation while encouraging unstable resource prices and opaque monetary policies.

In this context, ORIX announced its current medium-term strategy in May 2022. Anticipating a rebound in demand after the COVID-19 pandemic and a global economic recovery, we committed to a strategic focus on expanding in our operations and investments while endeavoring to grow our asset management business. While we subsequently lowered our target for net income slightly to address uncertainties in the operating environment, it reached a record high in the fiscal year ended March 2024. In fact, ORIX has grown net income at an average annual rate of 11% or higher over the 11 fiscal years

ended March 2014 through March 2024.

Comparing the composition of ORIX Group's segment profits with our initial outlook, profits have been very solid in inbound-related businesses, and have in fact rebounded more than expected. We have also been steadily executing our capital recycling strategy. In businesses outside Japan, however, we have been much more selective in taking on risk in Europe, the United States, China, and other areas, and in a number of businesses, we have growth in our portfolio in line with global changes.

However, despite significant changes and extended uncertainty in the external business climate, ORIX Group's diversified portfolio has enabled it to flexibly compensate for environmental changes in each segment, with positives more than offsetting negatives. As a result, the Group has increased net income.

Q: What are ORIX Group's fundamental business strategies?

Inoue: The fundamental business strategies that will be most relevant for ORIX in the future will remain the same: (1) grow our core businesses; (2) continue efficient portfolio management through capital recycling; (3) flexibly expand our global business; and (4) build out our asset management business.

Growing our core businesses is priority one. Over the past 10 years, ORIX Group's net income has increased by 1.9 times, and its total our our asset have increased by 1.8 times. We credit this to our focus on growing our core businesses, which is central to how we create value. When we grow our core businesses, we may launch

new businesses ourselves, such as was the case with our renewable energy business, or prioritize time and bring promising companies into the Group through M&A. Regardless of the method, our goal is to establish new core businesses that can become the foundation for our growth over the medium-to-long term.

In February 2024, we acquired the shares of Santoku Senpaku Co., Ltd. in a business succession deal with the founding president's family. Established in 1972, Santoku Senpaku is one of Japan's leading shipowning (ship ownership and leasing) and ship operation management companies, and the founding president built the company in one generation. When the founder's family originally approached us, the price we offered was lower than that of our competitors, and we were initially rejected. However, they reevaluated the experience and expertise ORIX has acquired in the shipping business over the past 50 years, and ultimately selected ORIX as the buyer. Santoku Senpaku owns 67 ships of various types, including car carriers and container ships, and holds licenses for domestic shipping, an area the Japanese government is considering revitalizing. We expect synergies from integrating Santoku Senpaku with ORIX's shipping business, and this deal exemplifies ORIX's strategic decision to develop ship operation into a core Group business.

Core strategy two is capital recycling, and we have not been divesting businesses simply to generate capital gains. The key point of our approach to capital recycling is to identify businesses for which growth as part of the Group has plateaued, but that have the capacity for further growth by leaving the Group and teaming up with the right external partner.



Business Environment CEO Commentary

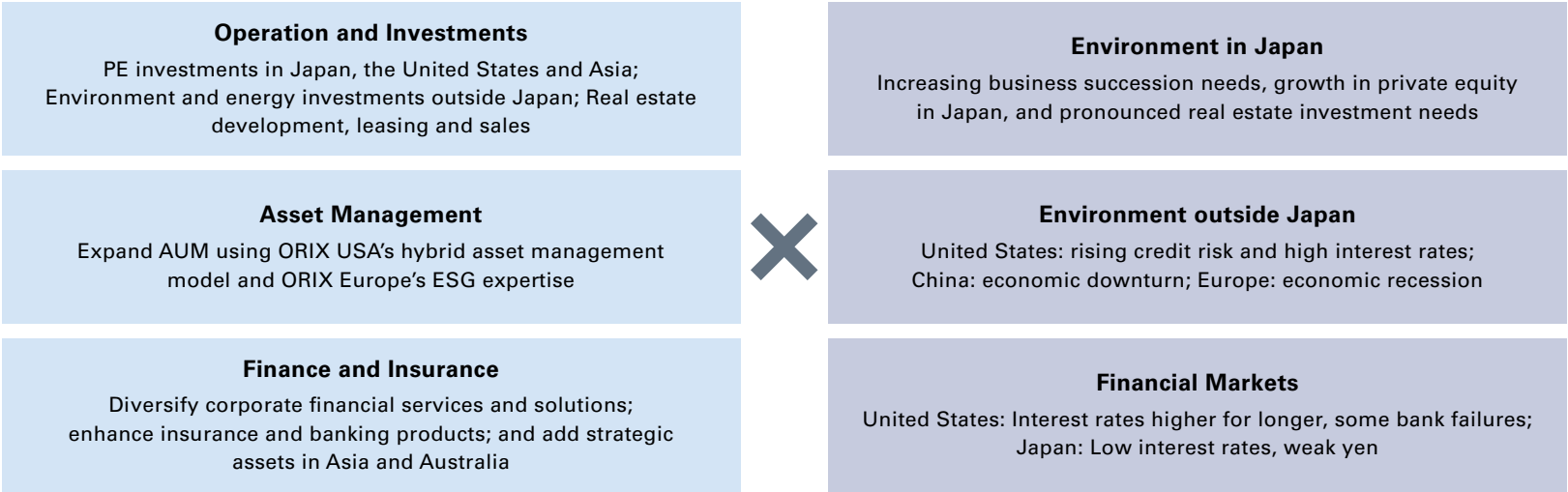
In March 2024, ORIX sold a 66% stake in ORIX Credit, a consolidated subsidiary, to NTT DOCOMO, INC. ORIX Credit was confronted with the question of whether it could continue growing as a wholly owned Group subsidiary given advances in financial technology and significant changes in customer demographics and needs. ORIX Credit then proactively compared strategic options and determined that NTT DOCOMO was the best partner to accelerate growth in the future because of its strength in IT and digital usage, and its massive customer base. ORIX supported our subsidiary's decision.

Our capital recycling strategy is not a temporary, one-off thing. In fact, the Investment and Credit Committee carefully considers exit strategy before the investment is made as part of the initial discussion for any new investment, and the committee also has the shared understanding that no part of the portfolio is off limits. This results in a highly reproducible strategy. In particular, PE Investment, Real Estate, and ORIX USA are at the center of Group strategy.

Core strategy three, flexibly expand our global business, and core strategy four, build out our asset management business, are in fact largely interrelated in many areas. At ORIX, single business units have typically not created core businesses. Rather, we have a culture of building better core businesses by having multiple business and administrative units bring together human resources, expertise, and ideas across unit boundaries. We take this approach because we believe that collaborating with other units and repeatedly discussing and examining issues lead to a fusion of knowledge that will generate flexible ideas and result in the launch of core businesses with an impact.

Our global business offers enormous potential for future growth, but the investment risk tends to be higher than for businesses in Japan. In addition, institutions such as global investment companies and sovereign funds have access to vast amounts of capital, and competing through balance sheet expansion is a strategic dead-end for ORIX. The

Medium-term Outlook (Excerpt from May 2022 Presentation Materials) and Current Environment



key for us is to control risk and generate asset-light growth.

We are targeting global expansion in three regions: the United States, Europe, and Asia. Despite some uncertainties such as high interest rates and the upcoming presidential election, the United States remains the world's largest economic power and has maintained strong growth. The United States is essential for our global expansion, so we will execute our business strategies while continuing to enhance our risk management capabilities. In Europe, we need to execute our expansion strategy with a sustainability perspective rather than simply rolling out the businesses ORIX has developed thus far. We will therefore selectively emphasize asset management, renewable energy, and the aircraft business.

Asia is highly sensitive to macroeconomic factors such as downturns

in the Chinese economy and currency depreciation, but it also has the potential for higher growth rates than Japan. We will operate flexibly while carefully assessing risks and opportunities by country.

ORIX USA oversees operations in the United States, while ORIX Europe oversees operations in Europe. We have offices in China, Hong Kong, and Taiwan to serve Greater China, and offices in other countries in Asia overseen by their hub in Tokyo, but simply having an office is meaningless. We are only able to operate globally when the three regional headquarters and local subsidiaries in each country develop practical operating policies and business plans, localize them, and adapt them to the markets they serve. ORIX must therefore share its corporate culture and strengths Group-wide and globally while collaborating in specific deals and business strategies.



Business Environment CEO Commentary

Q: What were the reasoning and strategy behind starting to disclose information in three categories?

Inoue: Because some feedback has indicated that ORIX Group can be difficult to understand, we are trying to remedy that. Differentiating operations from investments is not always simple, but for now, I would like to explain our strategy using the categories in the table below.

Finance

- To promote the technological capabilities and expertise of our clients in all areas of business, we will maximize the deployment of ORIX Group's financial knowledge, experience, and network to help our clients generate growth and succeed in the future.

- We will be a hub for open innovation, offering strategic investment opportunities in business succession deals for small and medium-sized enterprises as well as a wide array of financial services including cross-selling. Supporting efforts to achieve carbon neutrality, industrial development and innovation, and circular economies will drive profitability and growth in our finance business.

Operation

- An ORIX strength is its lack of restrictions in its business areas. The Group ventures into areas where it can create and grow businesses that deploy its well-developed expertise in financial services.
- If we determine that a company we acquire via private equity, business succession, carve-out, or venture capital is capable of

operating independently, we will convert our pure investment into a strategic investment.

- Our basic principles for venturing into a businesses area are as follows:
 - Contribute to improving the target company's business capabilities
 - Create a sustainable environment
 - Realize a society in which all stakeholders are satisfied
 - Comply with laws and regulations, adhere to social norms, and ensure fairness and transparency

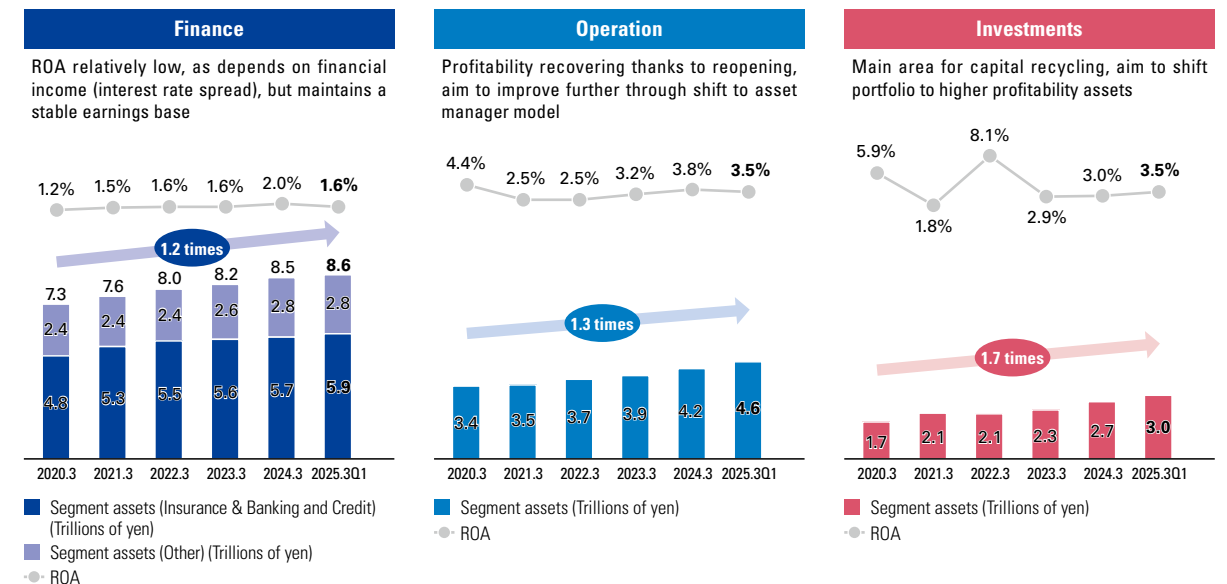
Investments

- Contribute to the growth of companies and ultimately increase their value through strategic and pure investments via methods including private equity, business succession, carve-outs, and venture capital.

Matrix of Segments and the Three Categories

		Three Categories		
		Finance Recurring earnings, interest rate spread is source of income	Operation All aspects of operation, including onsite	Investments Main area for capital recycling
Segments	Corporate Financial Services and Maintenance Leasing	Corporate Financial Services (Financing business)	Auto, Rentec	Corporate Financial Services (Business succession, etc.)
	Real Estate		Real estate facility operations, asset management, DAIKYO, MICE-IR	Real estate development and investment
	PE Investment and Concession		Airport concessions	Domestic PE
	Environment and Energy		Mega solar, power retailing, Elawan	Greenko, Ormat
	Insurance	Life insurance		
	Banking and Credit	Banking		Credit
	Aircraft and Ships	Ship financing	Aircraft leasing, Santoku Senpaku	Avolon, Ship investment
	ORIX USA	Financing businesses	Asset management business (Lument, NXT, BFIM)	U.S. PE
	ORIX Europe		Robeco Group	
	Asia and Australia	Financing businesses	Asset management business	Asia (investment)

Three Categories: ROA and Assets



Note: 2024.3 denotes the fiscal year ended March 2024.

Note: Data from past fiscal years has been retroactively adjusted to reflect wider definition of segment assets implemented from FY25.3 Q1. Segment assets figures are average for fiscal year.

Business Environment CEO Commentary

- Maintain a position as a unique buyout company by leveraging ORIX's network to build sales networks for portfolio companies' new products.
- Currently, ORIX funds investments primarily using its corporate credit lines and non-recourse loans based on the target company's enterprise value. In future we will broaden our strategy to effectively employ external funding from assets under management (AUM).
- Aim to increase ORIX Group's AUM, including REITs to over ¥100 trillion as quickly as possible.
- Promote alternative investments outside of Japan.

Q: What are your initiatives for the corporate functions?

Inoue: We consider each deal from every angle, such as the availability of people within ORIX who can manage it, the relative ability to grow on a standalone basis assuming no synergies with ORIX, and how we can add value. Furthermore, senior management – myself included – do not consider deals with a top-down approach. Instead, ORIX employs a bottom-up approach that empowers front-line employees to autonomously find new businesses and deals, discuss them face-to-face with the management team, and ultimately decide whether the project is a go or not. Therefore, all corporate functions from legal, compliance, risk management, IT and cybersecurity, audit, financial accounting, public relations, human resources, and general affairs

need to be broadly based to accommodate in a timely manner this bottom-up style. In addition, each function must be Group-wide and globally effective in the four regions of Japan, the United States, Europe, and Asia and Greater China to ensure sustainable growth. ORIX is therefore strengthening its corporate functions by both developing young talent and acquiring specialized talent.

Q: What is ORIX's position in society?

Inoue: ORIX was taking the approach of contributing to society through its business activities long before sustainability was even a topic of discussion. Although ORIX has a strong business-to-business (B2B) image, we are also involved in society in the business-to-business-to-consumer (B2B2C) format, so respecting societal values is essential for us. For example, ORIX manages one of the only 12 professional baseball teams in Japan along with a stadium, and we are able to engage in this business thanks to the support of the local community and the fans. The team and its value have continued to develop and grow throughout its history. The ORIX Buffaloes have won the Japan Series twice in the more than three decades since ORIX acquired it in 1988. I believe it is essential for the region and for society that the team continues to grow while respecting its history. I took over as team owner about a year ago in January 2023, and I often think about what I can do as the owner.



Photo courtesy Hochi Shimbun



Medium-term Outlook

Medium-term Outlook (Three-year Plan)

In May 2022, ORIX announced its Medium-term Outlook, a three-year plan through March 2025. The COVID-19 pandemic that began in 2019 caused ORIX's profits to decrease for two consecutive fiscal years. However, net income rebounded to ¥300.0 billion in the fiscal year ended March 2022, so the three-year plan targeted higher net income of over ¥400.0 billion. At that time, we expected the Operation and Investments categories to drive growth during the three-year plan, including growth from PE Investment, Environment and Energy, and Real Estate. We also forecasted expansion in the asset management business in the United States and Europe, along with recovery in businesses impacted by the pandemic, including Aircraft and Ships, airport concessions, and real estate facilities operations.

The reality is that around the world, geopolitical risks have increased, and inflation and high interest rates have persisted for an extended period. This has challenged our businesses outside Japan, particularly in the United States, and performance in the fiscal year ending March 2023 for each segment outside Japan fell short of our initial plan. At the same time, inbound tourism-related businesses have recovered strongly from the COVID-19 pandemic, and financial businesses in Japan such as Banking and Insurance have contributed steadily to profits. As a result, we posted net income of ¥290.3 billion (after adjusting for changes to accounting standards) for the fiscal year ended March 2023, and achieved record high net income of ¥346.1 billion and ROE of 9.2% in the fiscal year ended March 2024. Our diversified business portfolio is one of ORIX's strengths, and we demonstrated its effectiveness despite an extremely unpredictable business environment.

Another ORIX strength is the ability to generate growth from our portfolio as a whole, while rotating profit drivers according to market conditions. Our targets for net income and ROE for the fiscal year ending March 2025, the final year of our Medium-term Outlook, are ¥390.0 billion and 9.6%, respectively. We will continue to manage our business with a commitment to the ¥400.0 billion target for net income in our three-year plan, and we intend to grow it to the next level after achieving this goal.

Results for the Fiscal Year Ended March 2024

Net income for the fiscal year ended March 2024 increased 19% year over year to ¥346.1 billion, a record for ORIX, and ROE rose to 9.2%. Total segment profits increased 25% year over year to ¥561.5 billion.

Profits from businesses outside Japan decreased ¥16.4 billion year over year. Profits fell significantly at ORIX USA and ORIX Europe compared with the previous fiscal year, reflecting increased funding costs as U.S. dollar and euro interest rates remained high, and a more conservative approach to executing new deals in the United States as a result of more rigorous risk management. At the same time, profits increased in Aircraft and Ships due to a recovery in the aircraft leasing market. New investments included the business succession support deal for leading Japanese shipowner Santoku Senpaku and the purchase of aircraft, while we also saw growth in new business in Asia and Australia.

Segment profits from businesses in Japan increased by ¥129.4 billion year over year. The real estate facilities operations business returned to profitability as it benefitted from a surge in inbound tourism as the number of foreign visitors to Japan exceeded pre-COVID levels, and concession profits also rose. Investment income in the Insurance business also grew significantly. Capital recycling is a strategic focus for ORIX Group, and we accelerated it significantly, primarily in Japan. New investments included a limited partnership (LP) investment in and participation in mezzanine financing to Toshiba. Asset sales included the sale of two PE investments in Japan, and the sale of a stake in ORIX Credit to NTT Docomo, resulting in the establishment of a joint venture. The resulting investment and valuation gains increased profits in our domestic businesses.

In and outside Japan, new investments totaled ¥620.0 billion, exits from existing investments totaled ¥520.0 billion, and capital gains totaled ¥150.0 billion.

Medium-term Outlook (Three-year Plan)

Medium-term Outlook (Three-year Plan)						
	2022.3	2023.3		2024.3		2025.3
	Actual	Forecast	Actual	Forecast	Actual	Forecast
Net income (Billions of yen)	317.4	250.0	290.3	330.0	346.1	390.0
EPS (¥)	264	—	246	285	299	341
DPS (¥)	85.6	85.6	85.6	94.0	98.6	133.2
ROE (%)	10.0	7.5	8.5	9.0	9.2	9.6
ROA (%)	2.3	—	2.0	—	2.2	2.4
Credit rating	Maintained Single A worldwide			Moody's: A3 (Stable); Fitch: A- (Stable)		
Operating environment	COVID-19 pandemic subsides Russia-Ukraine conflict starts Inflation and interest rate hikes (USD & EUR) Derisking worldwide		Inbound tourism recovery starts Extended conflicts, and rate hikes (USD & EUR) Foreign capital inflows shift into Japan Recession concerns in U.S., E.U., & China		Inbound tourism exceeds pre-COVID levels In the U.S., increased credit risk and prolonged high interest rates Start to Expo 2025 approaches, MICE-IR investment scales up Economic downturn in China and recession in Europe	

Note: 2024.3 denotes the fiscal year ended March 2024.



Medium-term Outlook

Targets for the Fiscal Year Ending March 2025

Our net income target for the fiscal year ending March 2025 is ¥390.0 billion, which would be a record high for a second consecutive fiscal year. We have also set a nearly double-digit ROE target of 9.6%.

ORIX has maintained a stable earnings base in the Finance category while working to improve profitability in the Operation and Investments categories by expanding the asset management business and recycling capital. We will capitalize upon our well-developed management base and expertise to accelerate growth in each of our three categories from the fiscal year ending March 2025 onward.

In the Finance category, we are targeting a ¥20.3 billion increase in profits, excluding some investment gains and other items from the previous fiscal year. Since the Bank of Japan introduced its negative interest rate policy in 2016, lending-related businesses in Japan have become comparatively less attractive than other businesses. However, with the outlook that yen interest rates will rise, we expect an increase in lending and leasing income, as well as investment income in the life insurance business. In the United States, where dollar interest rates

remain high, we will carefully manage our portfolio while closely monitoring credit costs. However, if interest rates are cut, we expect origination volumes to recover and contribute to increased earnings, mainly in the private credit and real estate financing businesses.

In the Operation category, we are targeting an increase in profits to ¥240.6 billion. With the number of foreign visitors to Japan already exceeding pre-COVID levels, we aim to increase profits from our inn and hotel facility operations and concession businesses, which have been a focus since before the COVID-19 pandemic. In the concession business, we also expect to see increased revenue from the Osaka-Kansai Expo to be held in 2025.

We expect the aircraft leasing business to grow because of solid passenger demand. We also expect the asset management business to continue growing steadily, with the Robeco Group's AUM reaching an all-time high.

In the Investments category, we are targeting an increase in profits to ¥186.4 billion. We will recycle capital making full use of the Group's network in a wide variety of fields, including private equity, carve-outs, business succession, and venture capital.

To date, in many cases we have made PE investments in private

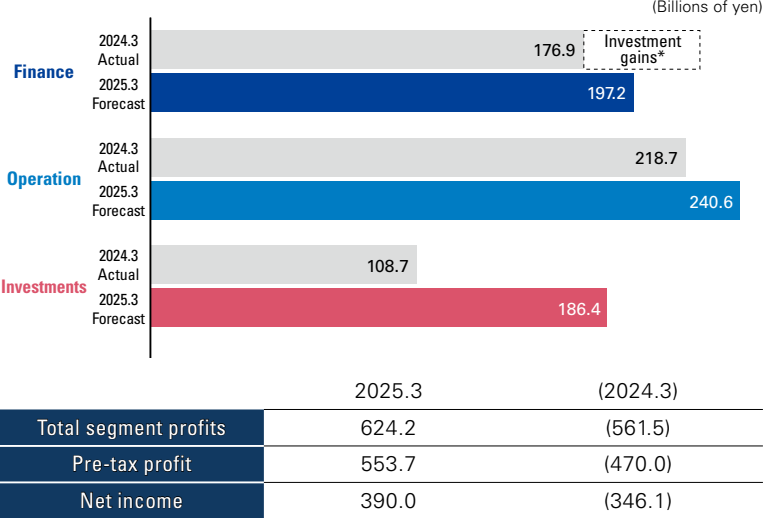
companies, thus emphasizing the private market. Many of those investments have been business succession support deals, where we invested in founder owned and run companies. Demand remains high in this market and we intend to continue our approach in it.

At the same time, we will also focus on carve-out projects with listed companies. Cases in which a corporation divests a component of its operations have increased, and we intend to deploy our well-developed expertise in PE investment in such projects in the future.

Carve-outs and other large-scale investments are gaining momentum, but ORIX's capacity to deploy internal capital resources to fund these stakes is not limitless. Pivoting to asset management will therefore be an important theme in the medium term. Our goal is to deploy our experience in managing various tangible assets and extensive financial knowledge to expand AUM from ¥69 trillion as of March 31, 2024 to ¥100 trillion as quickly as possible.

For the fiscal year ending March 2025, we are targeting new investments totaling ¥500.0 billion to ¥750.0 billion, exits from existing investments totaling ¥520.0 billion to ¥660.0 billion, and capital gains totaling ¥150.0 to ¥200.0 billion.

Forecasts for the Fiscal Year Ending March 2025



* In the fourth quarter of the fiscal year ended March 2024, we recorded investment gains of ¥57.2 billion on the transfer of 66% of shares in ORIX Credit.

Capital Gains and Pipeline

		2024.3 Actual			2025.3 Forecast**2		
		Real Estate	PE Investment (Domestic PE)	Other	Real Estate	PE Investment (Domestic PE)	Other
Exits	Capital Gains*1				Capital Gains*1		
	¥35.0 billion Logistics facilities, condominiums, conference centers, others	¥20.0 billion Primagest, others	¥96.0 billion ORIX Credit, Greater China, U.S., others		¥150.0 billion-¥200.0 billion		
	Cash In	¥520.0 billion			Cash In	¥520.0 billion-¥660.0 billion	
New investments	Cash Out				Cash Out		
	¥110.0 billion Logistics facilities, condominiums, office buildings, others	↓ ¥210.0 billion Toshiba, others	¥300.0 billion Santoku Senpaku, aircraft, overseas renewable energy, others		↓ ¥500.0 billion-¥750.0 billion		
					MICE-IR • Concluded agreement with minority shareholders, mainly Kansai companies • Concluded financing agreement with consortium of lenders		

*1 Capital gains are the amount of profits recorded from exits (less book value). Data for 2024.3 actual results and 2025.3 forecast do not include impairments.

*2 Aggregate targets calculated from specific projects currently under consideration.

Note: 2024.3 denotes the fiscal year ended March 2024.



Financial Strategy and Capital Policy

Capital and Debt Control

Since the global financial crisis of 2008, ORIX has pivoted its businesses from the Finance category to the Operation and Investments categories. As of March 31, 2024, ORIX had assets of ¥8.5 trillion in Finance, or ¥2.8 trillion excluding Banking and Insurance; ¥4.2 trillion in Operation; and ¥2.7 trillion in Investments. The debt-to-equity ratio excluding deposits was 1.6 times overall. The process of pivoting to Operation and Investments has changed the risks inherent in our assets and businesses, and our debt-to-equity ratio has been below 2.0 times since the fiscal year ended March 2015. We do not necessarily believe that lower financial leverage is better. Rather, we believe we must control leverage at an appropriate level by being conscious of the cost of capital while ensuring financial soundness.

With this mindset, ORIX independently measures the amount of risk (risk capital) in its assets and businesses, and calculates the employed capital ratio as the ratio of risk capital against shareholders' equity. Deals such as the LP investment in Toshiba resulted in an employed capital ratio of 93% as of March 31, 2024. We have a policy of aggressively taking risks when attractive investment opportunities

that are aligned with our growth strategy arise. At the same time, we also sell assets as part of capital recycling, but the employed capital ratio fluctuates depending on the timing of these deals. We do not believe that the employed capital ratio should have an upper limit of 100%, and we are committed to maintaining sufficient shareholders' equity by simulating the impact of each deal and the overall outlook, and by communicating with credit rating agencies as necessary. We will continue to execute investments with high return on capital while giving due consideration to the employed capital ratio.

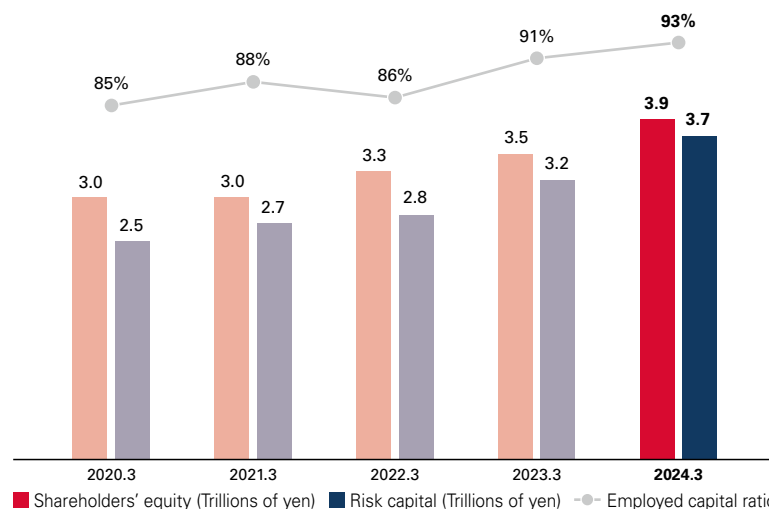
ORIX Group businesses are exposed to interest rate and exchange rate fluctuation risks. We use asset-liability management (ALM) to ensure that interest and exchange rates will not have a significant impact on our business activities and financial position even if they fluctuate significantly. Currently, the market is signaling a rise in JPY interest rates, continued high USD and EUR interest rates, and ongoing JPY depreciation and USD appreciation. We will appropriately control the risks in this or any other environment through means including flexible management of risk hedges so that we can make appropriate investments outside Japan.

Capital Costs

To reflect this approach to cost of capital in building its portfolio, ORIX objectively quantifies profitability by using the difference between return on invested capital (ROIC) and weighted-average cost of capital (WACC), or ROIC spread, calculated based on the capital structure required in each business unit. For business units with a negative ROIC spread, we will consider future business plans and the prospect of improvement in profitability. We also consider the cost of capital when making investment and exit decisions for individual large-scale projects. We are committed to flexible management that helps us take intelligent risks, and we always reflect market trends in calculating the WACC for each business unit to avoid the trap of overly standardized management.

Our business portfolio has evolved to enable stable growth that is well balanced among the Finance, Operation, and Investments categories, and as it has done so our real cost of capital has decreased. We have also taken action to increase the predictability of investment gains by disclosing actual data and forecasts for cash used in new investments, cash provided by asset sales, and capital gains since the fiscal year ended March 2024.

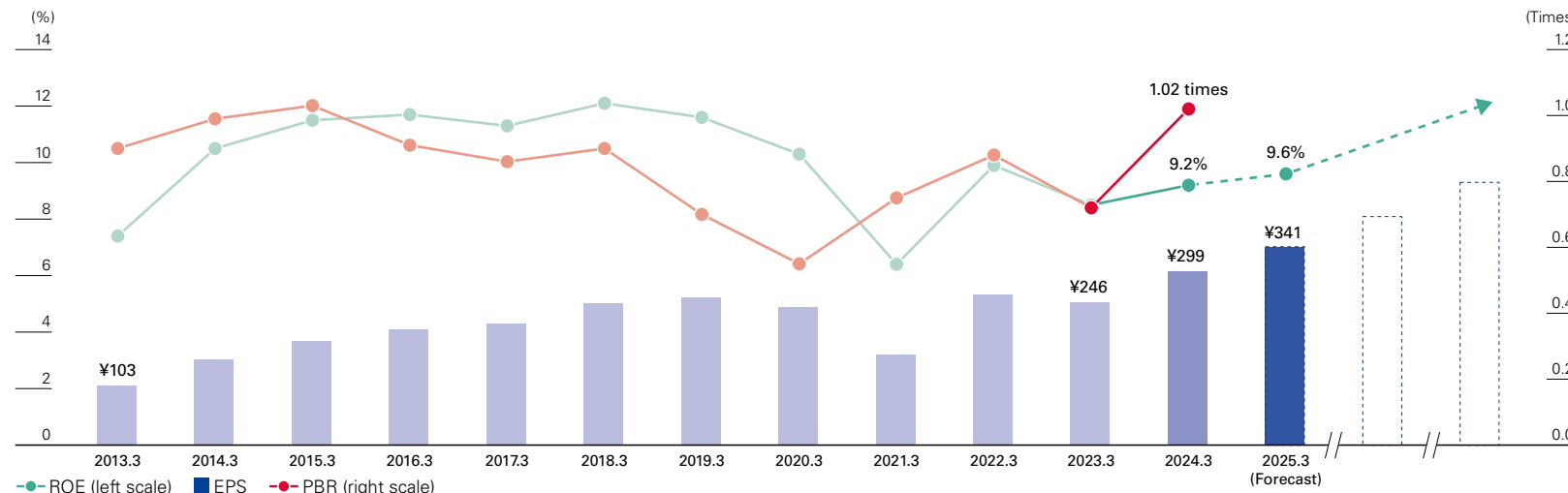
Shareholders' Equity, Risk Capital, and Employed Capital Ratio*



* Employed capital ratio is the ratio of risk capital to shareholders' equity. ORIX calculates risk capital based on historical maximum decrease for all assets, assuming a single A credit rating.

Note: 2024.3 denotes the fiscal year ended March 2024.

ROE, EPS, and PBR



Note: ROE and EPS for the fiscal year ending March 2025 are predicated on net income of ¥390.0 billion.



Financial Strategy and Capital Policy

ROE and PBR

Historically, our ROE and price book-value ratio (PBR) have been strongly correlated. We are not satisfied with our recent PBR of around 1.0 times, and have the goal of increasing it above 1.0 times by raising ROE to 10% or more as quickly as possible. Our core focus for increasing ROE is on growing net income, but at the same time, we are also monitoring the earnings per share (EPS) growth from continuously buying back ORIX shares with due consideration of capital adequacy.

We remain committed to sufficient disclosure that helps to deepen investor understanding of our diverse business model and earnings outlook.

Communication with Institutional Investors

The CEO provides leadership for dialogue with shareholders and investors, which is largely carried out by the responsible officers and department. Our two offices in Tokyo and New York held approximately 570 investor meetings during the fiscal year ended March 2024. The CEO personally conducts presentations at semiannual financial results briefings, and we are increasing opportunities for face-to-face meetings with major institutional investors both in Japan and abroad. Shareholder composition was well balanced as of March 31, 2024, with institutional investors outside Japan at just over 40%, institutional investors in Japan at just under 40%, and individual shareholders at just under 20%.

Recently, investors have been asking more questions to deepen their insight into individual businesses and requesting more information about the management of those businesses. We are responding to these requests by proactively creating opportunities for dialogue between our outside directors and institutional investors, and giving timely consideration to planning and holding themed business briefings and tours of our operating facilities.

We are committed to improving corporate value by incorporating the comments and opinions of stakeholders into management.

Shareholder Returns

For the fiscal year ending March 2025, our basic shareholder return policy is to allocate 39% of net income to dividends, ¥50 billion to share buybacks, and the remainder to internal capital reserves and new investments. We terminated our shareholder benefit program at the end of March 2024 and raised our dividend payout ratio to 39%, which is higher than the average for companies on the Tokyo Stock Exchange's Prime market. Dividends per share for the fiscal year ended March 2024 were ¥98.6, but will increase to ¥133.2 per share for the fiscal year ending March 2025 if we achieve our net income target of ¥390.0 billion.

We view dividends as stable, ongoing shareholder returns, and ORIX has paid dividends that were equal to or greater than the previous fiscal year's dividend for each of the past 13 fiscal years. We have also conducted share buybacks every fiscal year since the fiscal year ended March 2020. As a result, we expect a total return ratio of 52% for the fiscal year ending March 2025, compared to 47% for the fiscal year ended March 2024.

Increasing ROE by growing net income is central to increasing ORIX Group's corporate value. We will deploy capital for new

investments to generate growth without compromising our financial soundness, and will also consider flexible share buybacks if surplus funds are available.

ORIX celebrated its 60th anniversary in April 2024. As always, we are deeply grateful for the understanding and support of our shareholders and investors in the future as it enables us to continue to grow.

Dialogue between Outside Directors and Institutional Investors

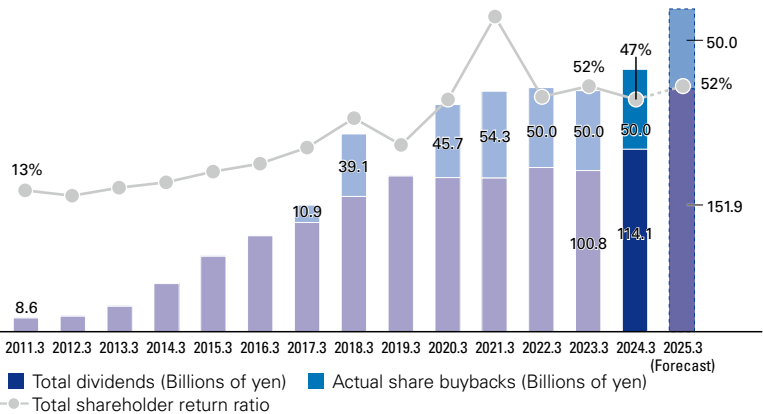
ORIX has addressed growing interest in topics such as governance and succession by hosting two forums for dialogue between outside directors and institutional investors since April 2023.

- Directors Sakie Akiyama and Hiroshi Watanabe, and five institutional investors (November 2023)
- Directors Aiko Sekine and Chikatomo Hodo, and five institutional investors (July 2024)

Regarding specific topics discussed at the Board meetings, the outside directors explained their participation in sustainability-related initiatives and the introduction of the ORIX Group Purpose & Culture. Investors also expressed their expectations for directors to enhance discussions about important management issues such as cost of capital, capital efficiency, and the Medium-term Outlook. The forums also covered the skills required for outside directors to oversee ORIX Group's complex business portfolio. Addressing questions about succession planning for the next generation of management, the outside directors explained that the Nominating Committee is leading the process and that planning is progressing steadily.

The outside directors shared key dialogue and feedback with senior management and all other directors. Investor participants welcomed the opportunity to share their understanding of ORIX's current situation with outside directors through dialogue, and expressed their desire for these meetings to continue in the future. We will continue to provide opportunities for dialogue between investors and management, including outside directors.

Share Buybacks and Total Shareholder Return Ratio



Note: Total dividends and total shareholder return ratio for the fiscal year ending March 2025 are predicated on net income of ¥390.0 billion.
Note: 2024.3 denotes the fiscal year ended March 2024.