

Our Vision

A History of Value Creation

Entering New Markets for 56 Years

Established in 1964, ORIX has broadened its business by repeatedly moving into neighboring fields and by rolling out complementary businesses around the world. Creating this diverse portfolio and continuously reviewing our businesses in response to changes in our operating environment have generated earnings and helped us take on challenges in new business fields.

A Track Record of Value Creation

(Data for FY2020.3)

Value Creation Model

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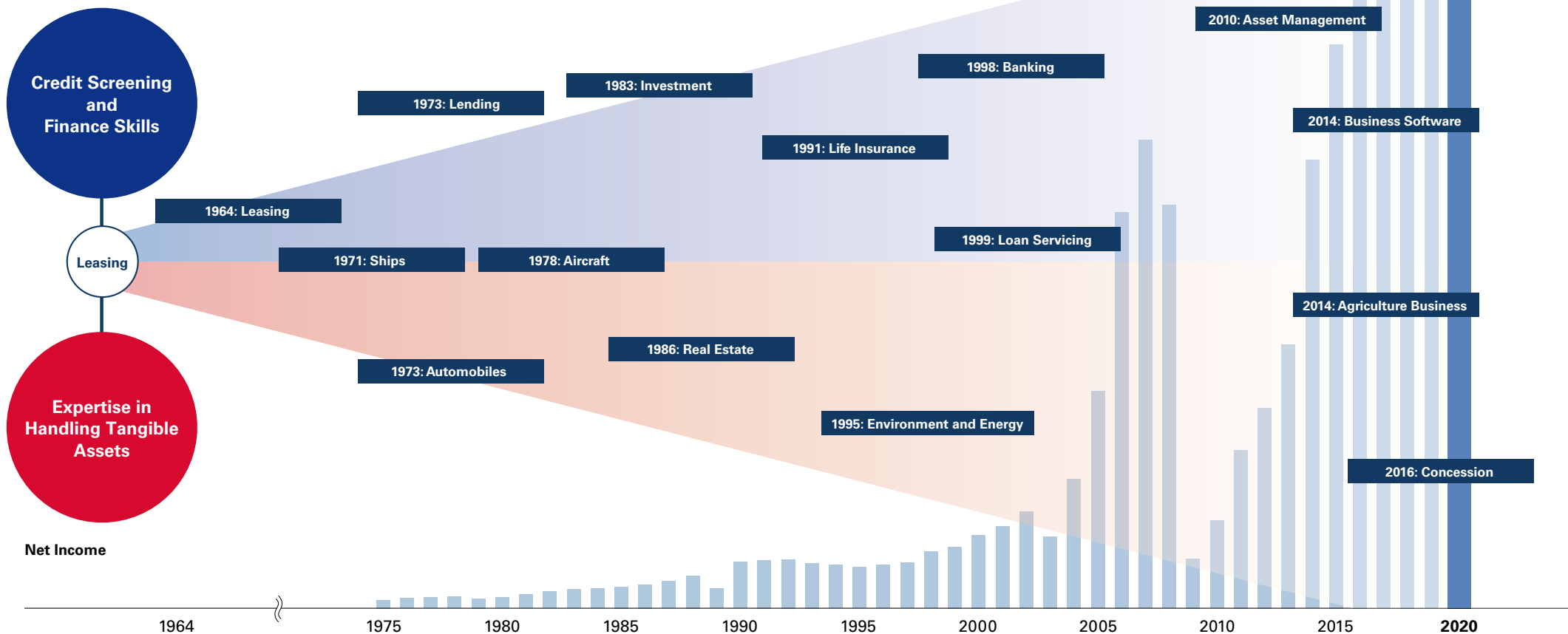
Since 1965
55 consecutive profitable years

10 segments encompassing diverse businesses

Overseas earnings ratio
38%

Group employees
31,233

Net income*
¥302.7 billion



* Net income attributable to ORIX Corporation shareholders

Our Vision

A Message from the CEO

ORIX has been expanding into a broad array of businesses for 56 years since its establishment in 1964, and continues to grow today. We have complemented our group of financial businesses with non-financial companies, giving us a globally unique financial and non-financial portfolio.

Through FY2020.3, we disclosed financial accounting data in six segments. However, segment profits for the former Overseas Segment had increased to 38% of total segment profits, so we decided we should improve disclosure for overseas businesses. Consequently, we began disclosing data in 10 segments from FY2021.3.

ORIX operated in 37 countries and regions as of March 31, 2020, but the governance we need to broaden investment globally is constrained when it remains Japan centric. While ORIX Group governance is a key premise, localized management at discrete Group companies has become a critical theme.

“ORIX’s strategy for growing corporate value equitably benefits all stakeholders.”



Makoto Inoue

Member of the Board of Directors
Representative Executive Officer
President and Chief Executive Officer



10 Segments

- Corporate Financial Services and Maintenance Leasing (includes Domestic Sales)
- Real Estate (includes DAIKYO)
- PE Investment and Concession
- Environment and Energy
- Life Insurance
- Banking and Credit
- Aircraft and Ships
- ORIX USA (operations in the Americas)
- ORIX Europe (operations in Europe)
- Asia and Australia (finance and investment in Asia and Australia)

ORIX equates globalization with localization. Our mindset emphasizes localized management that is flexible, customer-driven and market-oriented with a medium-to-long-term perspective.

Headquarters is committed to fully understanding conditions at Group companies in the countries and regions we serve, and maximizing synergies within the ORIX Group. We will localize management with even greater urgency given the constraints that the COVID-19 pandemic is placing on personal interaction.

Since the financial crisis of 2008-2009, major nations have been releasing abundant capital, leading national central banks to build heavy balance sheets. Sharply lower interest rates, higher asset prices, and reduced investment yields are among the numerous unhealthy indicators, and the COVID-19 pandemic is exacerbating economic weakness.

Developed countries have countered COVID-19 with massive economic stimulus packages, but

unfortunately, they do not help boost personal consumption. Unemployment rates have risen and signs of economic recovery are mixed.

The collapse of the financial sector during the crisis of 2008-2009 had a significant adverse impact on the real global economy. COVID-19, however, immediately shocked the real global economy first, and the negative impact is now likely to spread to the financial sector. Ultimately, this raises the possibility of significant balance sheet damage in all quarters.

The debt burden of developing countries is likely to increase, giving rise to issues of moral hazards in finance such as the application of bankruptcy laws to reduce debt and debt relief by the International Monetary Fund. The private sector needs to be selective about new investment and loans, and to rethink conventional approaches to credit.

Sovereign risk will be a requisite issue to verify in restructuring portfolios. Investment and lending decisions will draw on analysis of not only the private sector but also issues such as national policy. New

additions to due diligence will include supply chains, tariffs, protectionism and sustainability.

Amid societal and environmental change, focus markets include commodities, retail, financial services, healthcare, commerce, renewable energy, and IT because they are fields where new business models are most likely to emerge.

ORIX's portfolio includes many businesses with tailwinds. They include ORIX Rentec, which is capturing rental demand for IT equipment; ORIX Life Insurance, which was already doing business remotely; the Environment and Energy Segment, which operates the solar power business; and the logistics business, which enables electronic commerce.

However, COVID-19 is directly impacting some of our business segments. Aircraft leasing, concession and real estate facility operations are three businesses that we must address as we analyze the many uncertainties associated with COVID-19.

Consequently, forecasting results for FY2021.3 is difficult. We intend to share our outlook for the year and our medium-term management plan once the outlook for COVID-19 becomes clearer.

Liquidity is a key issue for ORIX in FY2021.3. In contrast to our situation immediately after the start of the financial crisis of 2008-2009, our financial fundamentals are rock solid. Yet we need to ensure sufficient liquidity to weather a second or third wave of COVID-19.

However, we see continued growth as our primary mission. Our pipeline is full of potential new investments, and we expect a series of favorable outcomes. ORIX is constantly looking for new business opportunities and investing for growth. We also want to provide appropriate shareholder returns while doing everything necessary to maintain our credit rating.

The first issue we need to address post COVID-19 is

accelerating our digital shift and transformation. We are a global company, so we need consistent digitalization throughout the ORIX Group to stay on top of our operations worldwide while strengthening portfolio management and governance. In addition, COVID-19 led us to pivot all employees outside Japan to telecommuting, while 60% of employees in Japan have shifted to telecommuting and 40% are working at offices. Although culture and business practices in Japan are factors that hinder 100% telecommuting, the Group must absolutely achieve it in the future through digitalization.

Using digitalization to advance the changes in work styles and lifestyles that COVID-19 has accelerated is another urgent theme for the future.

Promoting sustainability, strengthening comprehensive risk management, enhancing information security, and digital transformation (DX) are emerging priorities for the ORIX Group. Digitalizing Group operations will enable the development of a data col-

lection, management, and analysis platform for the medical and healthcare fields, which will be focus areas in the future.

With its core philosophy of decisively entering growth businesses while addressing the changing global economy, ORIX evolves year after year. New investment in untapped markets is essential for ORIX's growth and evolution.

Our process for making investment decisions places great importance on advance agreement with the investee regarding management policies such as governance. The types of investees vary according to country, but our investment decisions depend on key issues including their ability to maintain their growth strategy and legal restrictions on investment in their country.

ORIX's strategy for growing corporate value equitably benefits all stakeholders. We are able to address socioeconomic change because of our absolute commitment to this strategy as a matter of fundamental policy in making management decisions.

ORIX's strength lies in the diversity and expertise of its people. We recruit talent regardless of nationality, age, gender or work history. Ensuring employee diversity is a prerequisite for creating new value as a global company. Our basic policy is to leverage diversity in developing our people and our workplace.

Moreover, ORIX operates diverse businesses in global markets and requires people with relevant expertise in both operating and management roles. ORIX therefore continuously invites external hires while supporting the career development of executives and employees through internal education.

ORIX's approach to human resource management involves innovation of various work styles and transformation of work environments and systems. We have systematically established training programs that support initiatives to develop people capable of acting on a global level, utilize senior employees, and help women excel in ways such as increasing the ratio of female managers. Our system

for supporting childcare and nursing care also goes well beyond legal requirements.

One key to our ability to maintain sustainable growth is providing new value to society and being an organization that society needs. ORIX formulated the ORIX Corporate Sustainability Policy in September 2019, and issued its first Sustainability Report in October 2019. The ORIX Group formulates and implements its own policies and stance for promoting sustainability in addition to responding to the expectations and demands of all stakeholders, including society. Showing how the ORIX Group addresses these matters is crucial.

Making our policies into realities requires employees to understand and embrace the importance of sustainability. As CEO, I will therefore continue my dialogue with employees to share the importance of sustainability and of understanding and implementing policies. In addition, business and

sustainability are not separate and should be more integrated, so we are always considering initiatives to embed sustainability in our businesses.

► Please see our Sustainability Report for more information.

Our Vision

Mid to Long-term Direction

Basic Concepts

Continue Growth

Realize profits at the right time after adding value to the existing investments. Maintain the ROE target of 11% or higher for the medium to long term.

Never Miss Business Opportunities

We will not miss business opportunities in order to avoid a credit rating downgrade. At the same time, we are making maximum effort to maintain the credit rating.

Strengthen Shareholder Returns

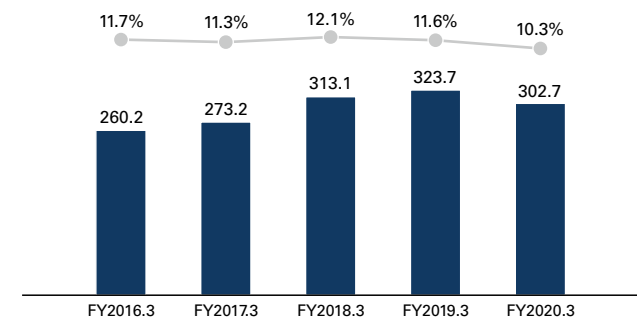
Prioritize investments but do not hold unnecessary capital. Return the excess.

ORIX has not changed the basic concepts of the Mid to Long-term Direction it announced in October 2019. COVID-19 has changed the environment, but we anticipate opportunities for further growth after the pandemic. Our net income targets of ¥400 billion to ¥500 billion yen also remain unchanged. However, ORIX needs to review timelines and processes. We need to determine how long the effects of COVID-19 will persist, and how long the global economy will take to recover once the pandemic subsides. The current circumstances make it difficult to disclose our short-term direction, including for FY2021.3, and to comment specifically on our Mid to Long-term Direction. We intend to prepare and disclose plans that incorporate our Mid to Long-term Direction once an end to the impact of COVID-19 is in sight.

FY2020.3 Results

Net income for FY2020.3 was ¥302.7 billion yen. The economic environment was challenging because of COVID-19, but we achieved our net income target of ¥300.0 billion despite a year-on-year decrease in earnings. ROE remained in double digits at 10.3%. While ROE decreased below 11%, we are committed to improvements that will keep it at our target of 11% or higher.

Net Income* and ROE



■ Net income (Billions of yen)

● ROE

* Net income attributable to ORIX Corporation shareholders

Impact of the COVID-19 Pandemic

ORIX has three businesses that are directly affected by the COVID-19 pandemic: the facilities operation business in the real estate segment, which includes hotels and inns; the airport management component of the concession business; and the aircraft leasing business.

First is the facilities operation business in the real estate segment. We operate facilities such as hotels and inns with more than 5,000 rooms in Japan. Almost all facilities were closed from the onset of the COVID-19 pandemic until the end of May 2020 to prevent the spread of infection. Since Japan rescinded its state of emergency in late May, our ongoing review of management procedures and expenses has included setting upper limits on occupancy rates while resuming operations gradually from June 2020, and removing the upper limits from August 2020.

Second is the concession business. Kansai Airports, in which ORIX has a 40% equity interest, operates three airports including Kansai International Airport. Global restrictions on cross-border travel caused airlines to reduce and suspend flights, especially international flights, and the number of airline passengers has also decreased. Domestic flights are

recovering, but the recovery outlook for international flights is uncertain. The number of airline passengers in general and inbound passengers in particular will need time to recover.

Third is the aircraft leasing business. Customer airlines requested the deferral of lease payments. Global aviation demand remains sluggish, especially for international flights, but domestic flights are showing signs of recovery in China and elsewhere. At the same time, the uncertain environment necessitates careful attention to conditions and to the outlook for FY2021.3

COVID-19 has also affected businesses other than the above due to reasons including a decrease in assets under management and requests for deferral of lease payments. At the same time, business units that have successfully adapted to lifestyle changes brought on by COVID-19 are generating solid results. Remote online sales are growing in the life insurance and banking businesses. In addition, Rentec has established a system to address increased demand for personal computer rentals in response to the growing use of telecommuting. The environment and energy segment's renewable energy business centered on solar power generation is also

strong. ORIX has a diversified business portfolio and will leverage its advantages to drive earnings with businesses that are adapting well to societal changes brought on by the COVID-19 pandemic.

Business Unit	Status and Initiatives as of May 2020
Real estate facilities operation and leasing	<ul style="list-style-type: none"> • Occupancy rates at hotels and inns have decreased significantly • Tenants have requested rent deferrals
Concession (Kansai Airports)	<ul style="list-style-type: none"> • Arrivals, departures and passenger numbers have decreased significantly • Ongoing cost reductions
Aircraft leasing	<ul style="list-style-type: none"> • Airlines have requested lease payment deferrals
Other than the above	<ul style="list-style-type: none"> • Requests for lease and loan payment deferrals worldwide • Rental car revenues have decreased

Investment Pipeline

ORIX has expanded into emerging growth businesses while addressing global economic change. New investment is an important factor in ORIX's growth. Over the past several years, ORIX has made numerous new investments and generated high returns with timely exits (sales). Our outstanding track record backs a well-stocked pipeline of potential deals

totaling approximately ¥2 trillion from which we are considering investment.

Stock and other asset prices have not fallen as expected because of the excess liquidity resulting from global monetary easing. Even this environment has not stopped ORIX from carefully considering projects that fit its investment philosophy,

with a focus on its strength in negotiated transactions. COVID-19 has caused us to put some projects on temporary hold and to lower our target price for others. We have sufficient liquidity to make new investments, so we will selectively commit to projects in our well-stocked pipeline that fit our investment philosophy.

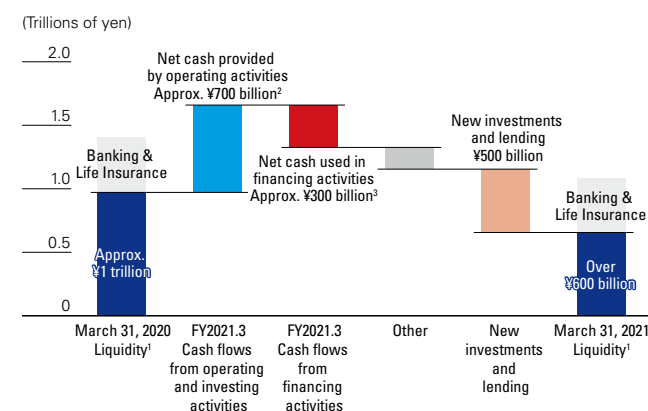
Liquidity

Liquidity is a priority in FY2021.3. The proportion of long-term debt is high and we have ensured sufficient liquidity. The impact of COVID-19 on ORIX Group's finances and sales cash flow is limited.

We have ensured sufficient liquidity even assuming that the effects of COVID-19 continue throughout FY2021.3. Our liquidity as of March 31, 2020 was approximately ¥1 trillion, excluding ORIX Bank and ORIX Life Insurance. We estimate liquidity of ¥600 billion or more even if we make new

investments and lending totaling ¥500 billion. While our stress tests assume that cash provided by operating activities would decrease by 30%, the fact is that cash provided by operating activities had only dropped by about 5% overall as of June 30, 2020, with payment deferral requests and postponements at very low levels.

In FY2021.3, we will ensure sufficient liquidity with a basic policy emphasizing funding and a cautious management approach.



- Liquidity: Cash and cash equivalents (incl. Banking & Life Insurance) + Available commitment lines
- Stress assumptions for cash flows from operating activities:
 - 30% deferral of receivables due on ¥1 trillion in debt-related assets
 - No large-scale asset sales
- Stress assumptions for cash flows from financing activities:
 - Capital market funding: No rollover at due date
 - Bank loans: 50% rollover at due date

Financial Soundness

ORIX has been emphasizing financial soundness since the financial crisis of 2009. All of our financial indicators have improved significantly since then.

ORIX also strongly emphasizes its credit ratings as indicative of financial soundness. As of August 31, 2020, we had received a single A rating or better from all rating agencies. We will continue to do everything required to maintain a single A rating (→ Page 20, ORIX from a Balance Sheet Perspective/Financial and Capital Strategies).

Credit Ratings (As of August 31, 2020)

Credit Rating Agency	Rating
S&P	A- (negative)
Moody's	A3 (negative)
Fitch	A- (negative)
R&I	AA- (stable)

Key Financial Indicators

	FY2008.3	FY2020.3
1. Financial leverage Debt/equity ratio (excluding deposits)	4.6 times	1.5 times
2. Dependence on short-term funding Short-term debt + Commercial paper	¥1.3 trillion	¥0.3 trillion
3. Liquidity Cash* + Available long-term commitment lines	¥0.4 trillion	¥1.3 trillion
4. Shareholders' equity ratio Shareholders' equity ÷ Total assets	14.1%	22.9%

* Includes cash of ORIX Bank and ORIX Life Insurance

Shareholder Returns

Dividends

ORIX paid a full-year dividend of ¥76.00 per share for FY2020.3. The full-year dividend payout ratio was 32%, an increase of 2 percentage points year on year. Current difficulties prevent ORIX from disclosing a net income forecast for FY2021.3, but we forecast that the interim dividend will remain unchanged year on year at ¥35.00. We expect the dividend payout ratio to increase to 50% only for FY2021.3.

Share Buybacks

ORIX implemented a share buyback capped at ¥100 billion. We bought back approximately 34 million shares valued at ¥55.8 billion during the period from November 2019 through May 2020.

We are necessarily emphasizing liquidity for the time being due to the impact of COVID-19, and therefore suspended the share buyback rather than extending it. We will consider future share buybacks in light of the business environment, financial conditions and other factors, while remaining on the lookout for an eventual return to normal from COVID-19.

Dividend per Share (Yen) and Payout Ratio

