

CEO Message



A handwritten signature in black ink, appearing to read 'M. Inoue', written over a light grey background.

Makoto Inoue

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

In the fiscal year ended March 2021, our net income decreased 36% year-over-year to ¥192.4 billion.

This decrease was primarily due to the substantial impact of COVID-19 on our facilities operation business, which includes inns and hotels, the aircraft leasing business, and the airport operation component of our concession business. Earnings decreased by about ¥90 billion in these three businesses, but we project they will recover swiftly as effects of the COVID-19 pandemic subside. We delayed some planned asset sales, as we assumed that asset prices would moderately decrease due to impact from the pandemic. This also contributed to the overall decrease in net income.

In terms of financial stability, ORIX has received an AA- (Stable) outlook from R&I, and while we have received an A- (Negative) outlook from both Moody's and Fitch, S&P has revised ORIX's outlook to A- (Stable).

Due to excessive liquidity across the globe, it is increasingly difficult to find cheap investments, which has created a better environment for sellers. In particular, real estate prices in Japan are on a rising trend, as both domestic and overseas investors have continued to invest from the time prices were low. Given these trends for the fiscal year ending March 2022, we have begun selling assets as planned and are confident about realizing a certain amount of investment gains despite the effects of COVID-19.

Our target net income for the fiscal year ending March 2022 is ¥250 billion, and we plan a dividend for the fiscal year of ¥78 per share. While our fundamental policy is to take a slightly cautious approach when it comes to new investments given inflated prices, we are beginning to see signs of a global economic recovery as a result of a number of factors. These include more liquid asset markets, stable markets despite the COVID-19 environment, and reduced impact of the pandemic as a result of vaccines gaining traction. Overall, I believe it is safe to say we are confident in our ability to achieve our target of ¥250 billion net income for the fiscal year ending March 2022.

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The number one priority for ORIX Group is to return net income to where it was prior to COVID-19. When the timing is appropriate, we will announce a more detailed expansionary outlook for the medium term.

Based on the Japanese government's Carbon Neutrality policy and ESG-related material issues that are acknowledged worldwide, ORIX has established its own ESG-related materials issues and key goals in order to create a more sustainable society. The details will be disclosed in our Sustainability Report, which is scheduled to be published soon, but as ORIX's profitability is bound to be somewhat affected by portfolio changes and other factors, please allow me to share our fundamental approach to ESG.

ESG-related key themes:

1. Material issues and focus areas to reduce climate change-related risks

- 1 Set GHG emissions reduction goals.
- 2 Continue to lead in renewable energy investment and production.
- 3 Quantify and reduce our climate change-related risks and continue to implement TCFD recommendations.
- 4 Continue to promote a circular economy and reduce and appropriately manage waste.
- 5 Formulate an exit strategy for existing exposure to high environmental risk business areas, and create bright-line exclusion criteria in any new investing or lending.
- 6 Work with our stakeholders to promote a healthier environment through goods and services that help mitigate adverse environmental impacts.



Please refer to our [Sustainability Report](#) for more detailed information on ORIX's sustainability.

2. Material issues and focus areas to reduce social risks, including human rights risk

- 1 Continue to strengthen our Sustainable Investing and Lending Policy, Code of Conduct, and risk management system to adequately cover new and emerging social risk areas.
- 2 Share a common and agreed respect for fundamental human rights with all of our stakeholders such as support for the UN Universal Declaration of Human Rights, worker health and safety, diversity, inclusion, and non-discrimination.
- 3 Continue to improve employee satisfaction by respecting the diversity of our employees and creating an inclusive working environment that promotes flexible working styles and provides career development support, fair performance review and compensation schemes, and employee health support systems.

3. Material issues and focus areas to strengthen governance based on transparency, compliance, and integrity

- 1 Continue to strengthen the independence of the Board of Directors so that the Board may provide appropriate and effective oversight over the management's business execution from an independent and objective perspective.
- 2 The Group CEO will be responsible for all execution matters including responding to these material issues under the oversight of the Board of Directors.
- 3 Emphasis on client satisfaction and developing and offering sustainable products and services.
- 4 Endeavour to gain and keep the trust of our clients in all of our business areas.
- 5 Promote a strong culture of compliance with all applicable laws and regulations, including paying our fair share of taxes.

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ORIX Group has established the following ESG-related key goals:

- 1** Outside directors to account for over half of the composition of the ORIX Group Board of Directors by the General Meeting of Shareholders set to be held in June 2023.
- 2** Female directors to account for over 30% of the composition of the ORIX Group Board of Directors by the end of the fiscal year ended March 31, 2030.
- 3** Female employees to account for over 30% of management positions at ORIX Group by the end of the fiscal year ended March 31, 2030.
- 4** Reduce ORIX Group GHG (CO₂) emissions by 50% compared to the fiscal year ended March 31, 2020 by the end of the fiscal year ended March 31, 2030.
- 5** ORIX Group to achieve net zero GHG (CO₂) emissions by the end of the fiscal year ended March 31, 2050.
- 6** Reduce ORIX Group's investment and credit balance in GHG (CO₂) emitting industries* by 50% compared to the fiscal year ended March 31, 2020 by the end of the fiscal year ended March 31, 2030.
- 7** ORIX Group to achieve a zero investment and credit balance in GHG (CO₂) emitting industries* by the end of the fiscal year ended March 31, 2040.

* Refers to the fossil fuel mining, palm oil plantations, and forestry financed by ORIX Group overseas subsidiaries

ORIX makes decisions regarding investments, lending, and other financial transactions based on the above ESG-related materials issues and key goals, and the ORIX Group Sustainable Investing and Lending Policy. The basis for this decision is linked to thorough consideration regarding the environmental and social effects of each individual transaction. In addition to sovereign risks such as financial affairs and legislation, human rights risks are also key factors in investment and credit-related decisions in countries/regions determined as high risk in relation to human rights violations.

The following items indicate all cases in which transactions are prohibited, including companies with human rights risks or grounds for suspicion for such risks, sectors in which transactions are prohibited, and sovereign transactions in which there are concerns of or confirmed cases of human rights issues.

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- ① Organizations that carry out forced labor, child labor, human trafficking, or any other practices defined as human rights offenses by the UK Modern Slavery Act
- ② Organizations that are operating in countries/regions determined as high risk in relation to human rights violations and have participated in human rights violations
- ③ Business practices/sectors in which new transactions are prohibited

No.	Business practices/sectors in which new transactions are prohibited
1	Manufacturing, using, storing, and importing/exporting controversial weapons, including cluster munitions, anti-personnel landmines (violation of the Oslo/Ottawa Treaties), chemical weapons, biological weapons, depleted uranium ammunition, nuclear weapons, and firearms
2	Manufacturing, using, supplying, and importing/exporting asbestos and other prohibited hazardous chemicals (violation of the Japanese Industrial Safety and Health Act)
3	Manufacturing, using, and importing/exporting internationally prohibited agricultural chemicals, pesticides, and herbicides (violation of the Stockholm Convention on Persistent Organic Pollutants)
4	Engaging in dynamite fishing, otherwise known as blast fishing (violation of the Act on the Protection of Fishery Resources)
5	Handling specific prohibited wildlife (violation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, otherwise known as the Washington Convention)
6	Engaging in business practices involving pornography or the sex trade
7	Engaging in business practices involving illegal casinos

We implement our business activities based on the fundamental principles above. If we play our part in creating a sustainable society, stakeholders will judge us accordingly. We plan to reflect ORIX's corporate philosophy in our business decisions and continue our expansion into new fields in addition to our core business areas of finance, investment, and operations.

In order to achieve these goals, implementing Group-wide digital transformation is vital, and we must accelerate our efforts to construct a system in which we can track both financial and non-financial portfolio information in real time, while continuing to build a work environment that is fair and equal.

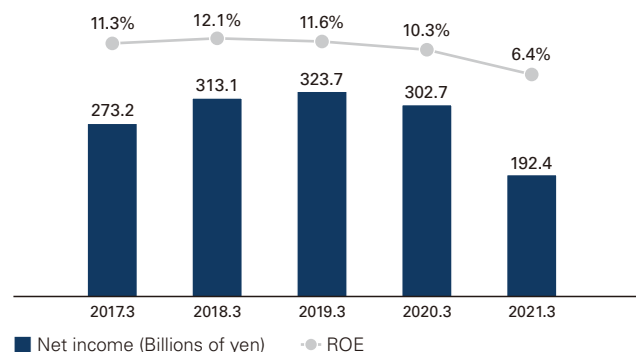
As we implement improved governance, delegation of authority, reorganization, and employ ORIX's strengths, we continue to build our business portfolio while working towards sustainable growth. Our commitment to increasing corporate value is unwavering. We ask that you, our valued stakeholders, continue put your trust in us.

Results for the Fiscal Year Ended March 2021 and Outlook

Results for the Fiscal Year Ended March 2021

In the fiscal year ended March 2021, net income decreased 36% year-over-year to ¥192.4 billion yen, and ROE was 6.4%. The main reason for the decline in earnings was three businesses that COVID-19 affected significantly: facilities operation in the Real Estate segment, which includes hotels and inns, aircraft leasing, and the airport management component of the concession business. However, businesses other than these three have generated steady earnings throughout COVID-19. As a result, we achieved our net income forecast of ¥190.0 billion for the fiscal year ended March 2021, which was announced at the end of the first half. The impact of the COVID-19 pandemic will continue to require careful monitoring, but negative impact on business performance is declining overall.

Net Income* and ROE



* Net Income refers to Net Income Attributable to ORIX Corporation Shareholders

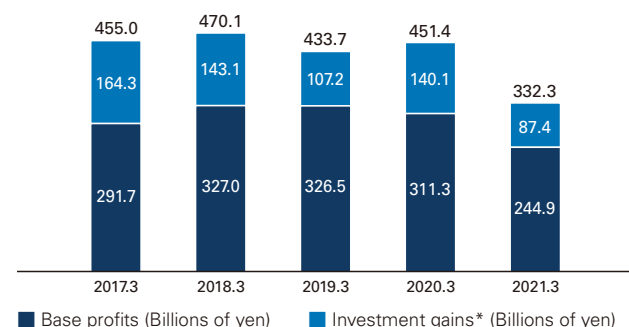
Note: 2021.3 denotes the fiscal year ended March 2021.

Segment Profits

Segment profits for the fiscal year ended March 2021 totaled ¥332.3 billion. Base profits decreased ¥66.4 billion year-over-year to ¥244.9 billion. Excluding the three segments that COVID-19 significantly affected, base profits increased year-over-year due mainly to the solid performance of Environment and Energy, Insurance, Banking and Credit, and other segments.

Timely exits that generated high returns drove investment gains, which totaled ¥87.4 billion. We generated investment gains in Japan in the Environment and Energy segment and also from the sale of logistics facilities in the Real Estate segment. Overseas, we generated investment gains in the United States and Asia.

Segment Profits



* Investment gains: gains on sales of rental property, subsidiaries and affiliates, investment securities, etc.

Breakdown of Investment Gains

ORIX has generated stable investment gains in a variety of businesses. The table below presents a historical breakdown of these. Real estate, private equity investment, and ORIX USA are businesses that generate significant investment gains. We have also sold businesses such as ORIX Golf Management and ORIX Living as part of bold portfolio replacement.

Investment Gains (Billions of yen)

Business	2018.3	2019.3	2020.3	2021.3
Real Estate	47.2	② 58.2	③ 54.7	18.4
PE Investment and Concession	27.2	0.8	18.7	1.4
ORIX USA	⑤ 24.2	37.6	39.5	28.9
Others	① 44.5	10.6	④ 27.2	38.7
Total	143.1	107.2	140.1	87.4

Note: Major business sales ① to ⑤ in the below chart are incorporated in the above chart with the businesses to which they are linked.

Major Business Sales

No.	Company
①	ORIX Electric Power Corporation
②	ORIX Golf Management
③	ORIX Living
④	RobecoSAM's ESG Ratings Division
⑤	Houlihan Lokey

Results for the Fiscal Year Ended March 2021 and Outlook

New Investments

We made new investments totaling approximately ¥500.0 billion in the fiscal year ended March 2021. We will continue to make new investments that will support future growth in focus markets including environment and energy, private equity investment, asset management, and logistics and data centers.

In the Environment and Energy segment, we invested in Greenko Energy Holdings, a major renewable energy operator in India, and in Elawan Energy S.L., a global renewable energy company headquartered in Spain. These two companies provide a platform on which we will expand the renewable energy business globally, with an overseas focus that encompasses Europe, North America, and India.

Private equity investment is generating new investment opportunities in Japan, the United States, and Asia. In Japan, we are investing in markets we expect to grow during and after COVID-19, such as APRESIA Systems, Ltd., a network

equipment manufacturer, and SUGIKO GROUP HOLDINGS CO., LTD., a major scaffolding and temporary construction materials rental company. In the United States, we are focusing on private equity investment that employs third-party funds.

The asset management business is increasing alternative assets under management. With the acquisition of Boston Capital and Gravis Capital Management Ltd. in the fiscal year ended March 2021, the balance of assets under management as of March 31, 2021 increased to approximately ¥50 trillion. We will continue to look into acquisition opportunities worldwide.

We continue to develop logistics facilities mainly in the Tokyo metropolitan area, where needs among foreign capital investors remain strong, backed by steady e-commerce related demand. We have also begun to consider developing, leasing, and operating data centers, for which needs are increasing.

Business Area	Overview
① Environment and Energy	<ul style="list-style-type: none"> Conducted numerous projects in Japan and globally, mainly for the two investee companies Greenko Energy Holdings and Elawan Energy S.L.
② PE Investment	<ul style="list-style-type: none"> Achieved investment gains of more than ¥200.0 billion in the past several years In addition to business succession support efforts, examining large-scale M&A in Japan, U.S., China, and Europe
③ Asset Management	<ul style="list-style-type: none"> Group-wide assets under management totaled ¥50 trillion as of March 31, 2021 (Acquired Boston Capital, Gravis Capital Management Ltd. in the fiscal year ended March 2021) Going forward, will consider additional new acquisitions if the timing is right
④ Logistics Investment & Data Centers	<ul style="list-style-type: none"> Continue to develop new logistics centers, mainly in the Tokyo metropolitan area (¥150.0 billion pipeline secured) (Will maintain our “build, operate, and sell” business model in the near term) Studying new, energy-efficient data center projects as digitalization accelerates

Examples of New Investments in the Fiscal Year Ended March 2021

Greenko Energy Holdings

Business area	Environment and Energy
Investment date	March 2021
Equity stake	21.6%
Business overview	Major renewable energy operator in India
Features	Operates renewable energy power generation facilities with a total installed capacity of 7.1GW in India. Has projects totaling more than 6GW under construction or development.

Gravis Capital Management Ltd.

Business area	Asset management
Investment date	January 2021
Equity stake	70%
Business overview	U.K. alternative asset management company
Features	Manages funds investing primarily in the infrastructure, renewable energy, and real estate sectors, with a significant ESG focus. Approximately ¥400.0 billion in assets under management.

Results for the Fiscal Year Ended March 2021 and Outlook

Outlook

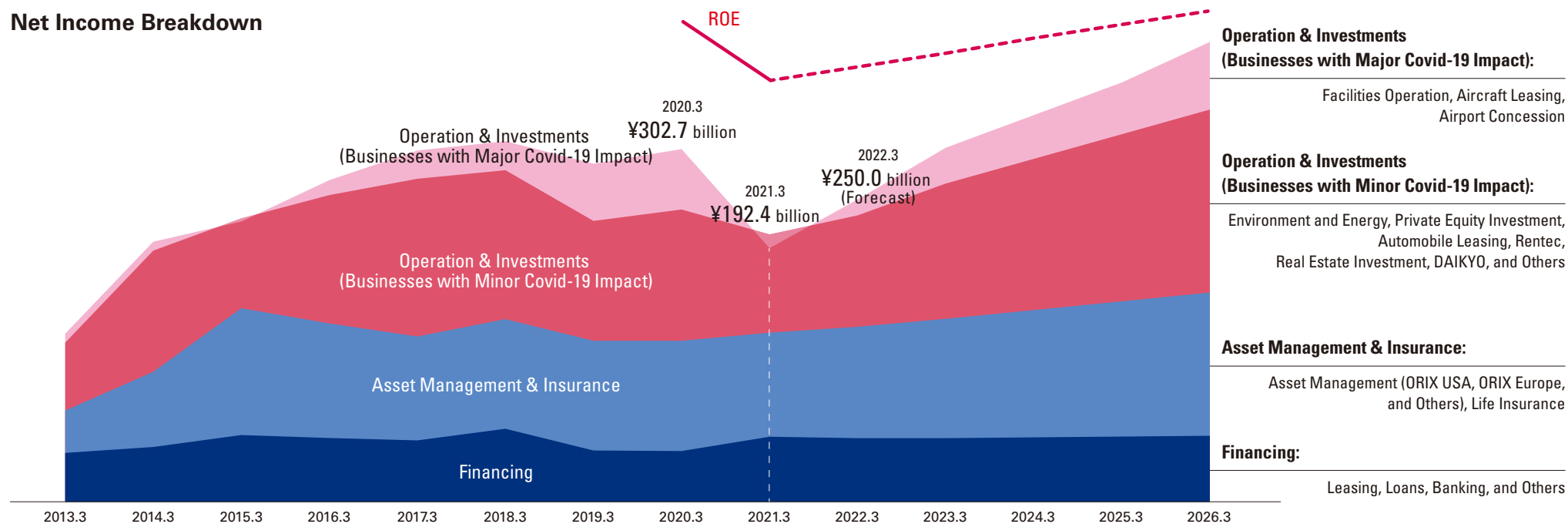
The chart below shows changes in earnings in three categories: financing, asset management & insurance, and operation & investments. ORIX began in financing, and expanded into the other two categories. Of note, the two categories other than financing have been driving growth since the fiscal year ended March 2013.

Our objective is to rebound from COVID-19 and grow in our focus markets to quickly restore net income to ¥300.0 billion, and then grow it to ¥400.0 billion over the mid- to long-term. Restoring ROE to 11% or higher is a top priority. COVID-19 had a particularly pronounced impact on facilities operation in

the Real Estate segment, aircraft leasing, and the airport management component of the concession business. These are in the operation & investments category, which COVID-19 has significantly affected, but we expect a gradual recovery from the fiscal year ending March 2022 onward, with the bottom already seen in the fiscal year ended March 2021. Businesses other than these three have had a relatively minor impact from COVID-19, and have generated stable earnings even in the current environment. Among these, we see the asset management & insurance category and businesses in the operation & investments category where the impact of

COVID-19 has been minor as future earnings growth drivers. Specifically, we will make new investments in the environment and energy business and in the private equity investment business in the operation & investments category, which we expect to support future growth and contribute steadily to earnings. In addition, the asset management business in the asset management & insurance category plans to continue acquiring companies in the United States and Europe that should power further growth in AUM and earnings.

Net Income Breakdown



Note: 2021.3 denotes the fiscal year ended March 2021.

Note: Please refer to Three Portfolio Categories on page 5 for additional details on portfolio components.

Results for the Fiscal Year Ended March 2021 and Outlook

Shareholder Returns

Dividends

ORIX increased the full-year dividend per share for the fiscal year ended March 2021 by ¥2.00 year-over-year to ¥78.00. COVID-19 posed difficulties in forecasting business results at the beginning of the term, and created an environment with the possibility of a significant decline in results. To demonstrate our stance toward providing stable shareholder returns even under such conditions, we temporarily set the dividend payout ratio at 50% for the fiscal year ended March 2021. ORIX will continue to pay stable dividends that reflect its business performance. We forecast a full-year dividend for the fiscal year ending March 2022 of ¥78.00 per share, with an interim dividend of ¥39.00 per share.

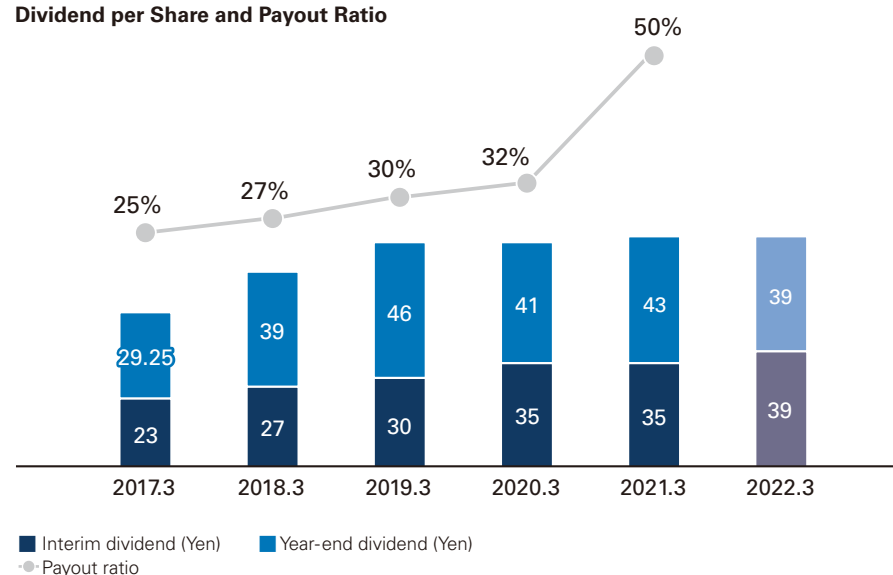
Share Buybacks

We bought back shares totaling ¥54.3 billion during the fiscal year ended March 2021, resulting in a total return ratio of 78%. We plan to buy back shares totaling ¥50.0 billion during the fiscal year ending March 2022, and forecast a total return ratio for the fiscal year ending March 2022 of 57% based on our net income forecast of ¥250.0 billion.

As a matter of policy, we situationally allocate net income for each fiscal year among dividends, new investment, retained earnings, and share buybacks. A top priority for ORIX is to restore ROE to 11% or higher, and earnings growth, portfolio replacement, and shareholder returns that include share buybacks are other priorities. We will continue to flexibly

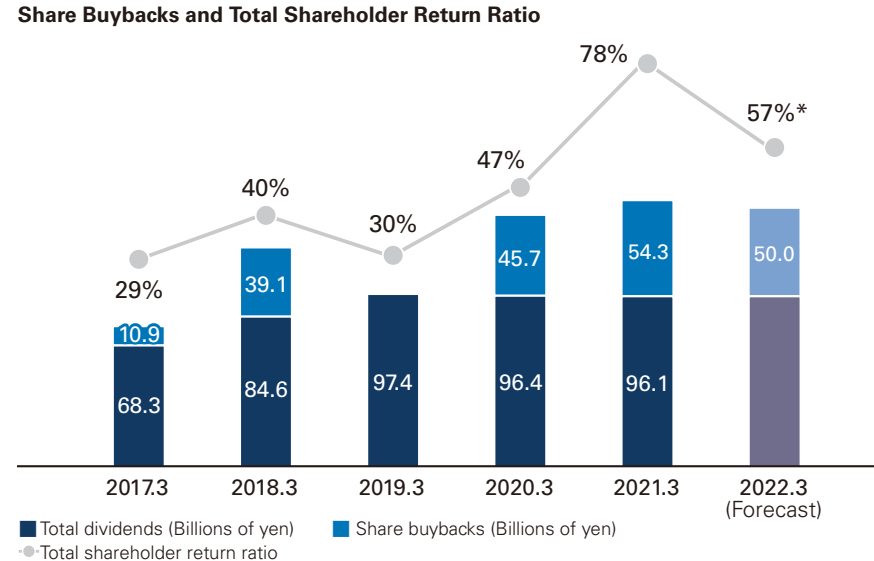
buy back shares after considering issues including the business environment, share price trends, financial conditions, and our performance targets.

Dividend per Share and Payout Ratio



Note: 2021.3 denotes the fiscal year ended March 2021.

Share Buybacks and Total Shareholder Return Ratio



* Total shareholder return ratio of approximately 57% assuming net income of ¥250.0 billion