



Answers,  
Custom Fit.

# ORIX Corporation

Third Quarter Consolidated Financial Results

For The Nine-Month Period Ended December 31, 2022

Hitomaro Yano

Executive Officer

Corporate Function Unit Responsible for Treasury,  
Accounting, Corporate Planning, Investor Relations and  
Sustainability

February 6, 2023

(TSE: 8591; NYSE: IX)

## **(1) Q1-Q3 net income 211.4 Bln JPY (up YoY, achieved 85% of net income target\*), annualized ROE of 8.6%**

Posted FY23.3 Q3 net income of 89.6 Bln JPY (up 50% QoQ, up 39% vs. FY22.3 Q3)

Q3 segment profits rose QoQ in 7 of 10 segments

\*FY23.3 net income target of 250.0 Bln JPY.

## **(2) Reopening progressing in COVID-impacted segments**

Profits in Aircraft and Ships, facility operations, airport concessions continue on growth trajectory post COVID slump  
Insurance reported strong QoQ profit recovery thanks to lower payout expenses

## **(3) Ongoing capital recycling**

In overseas renewable energy, sold part of Ormat stake (Q3), plan to make Elawan wholly-consolidated subsidiary (Q4)  
In domestic PE business, exited Net Japan (Q3), completed investment in DHC in January 2023

## **(4) Shareholder returns**

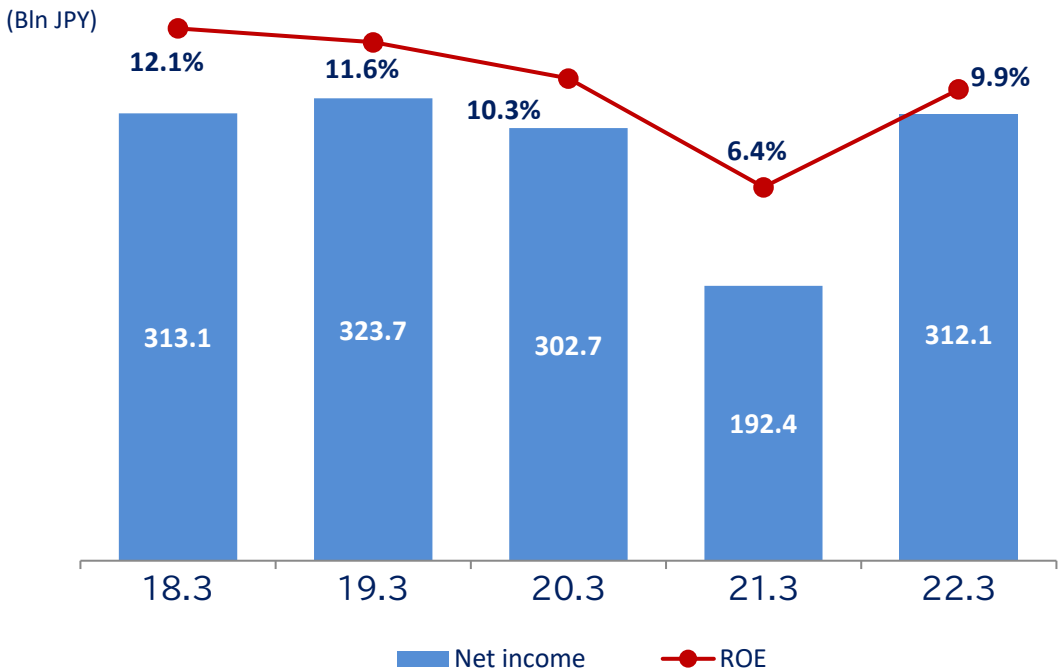
Completed 50.0 Bln JPY buyback, cancelled 23.43 million shares (2% of outstanding shares)  
Dividends: 85.6 JPY (FY22.3 dividend) or payout ratio of 33%, whichever is higher

# Net Income & ROE



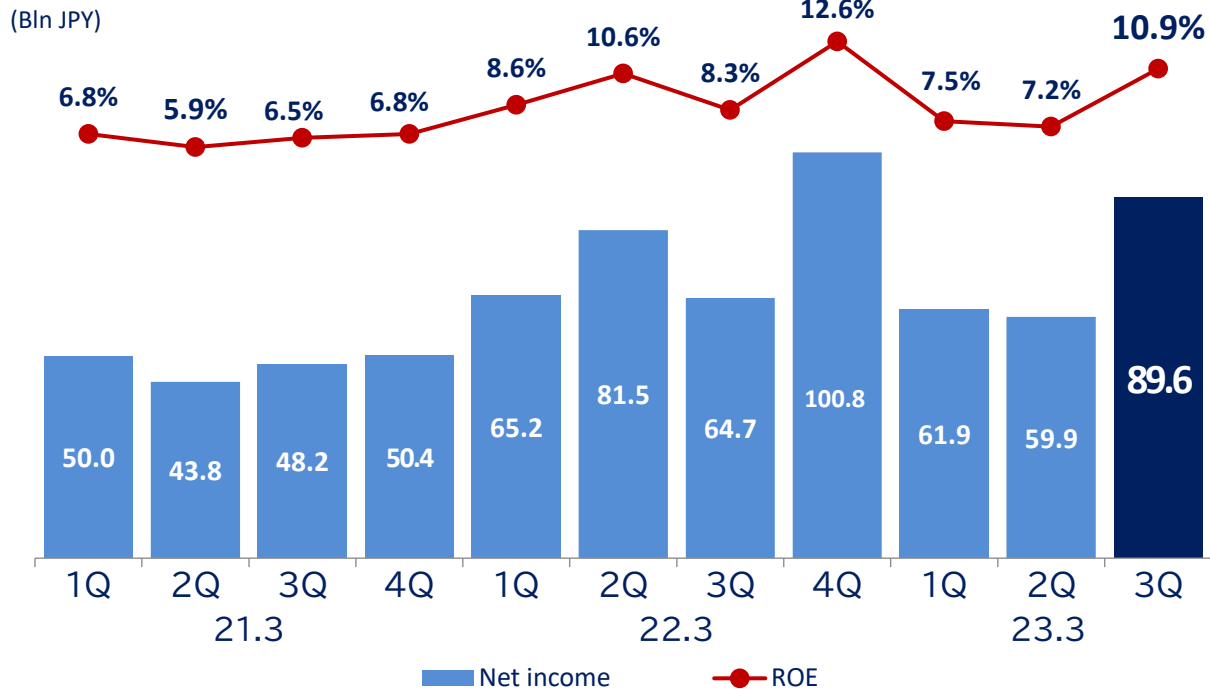
- ✓ Q1-Q3 211.4 Bln JPY in net income\* (up YoY), annualized ROE of 8.6%
- ✓ 89.6 Bln JPY in Q3 net income, up 29.7 Bln JPY QoQ (+50%), second highest quarterly net profit recorded since start of pandemic

Full fiscal year



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

Quarterly



# Breakdown of Segment Profits

FY23.3 Q1-Q3  
Segment profits  
**290.7 Bln JPY**  
-13% YoY  
(-44.2 Bln JPY)

## Base profits

**229.1 Bln JPY, down 17% YoY (-46.3 Bln JPY)**

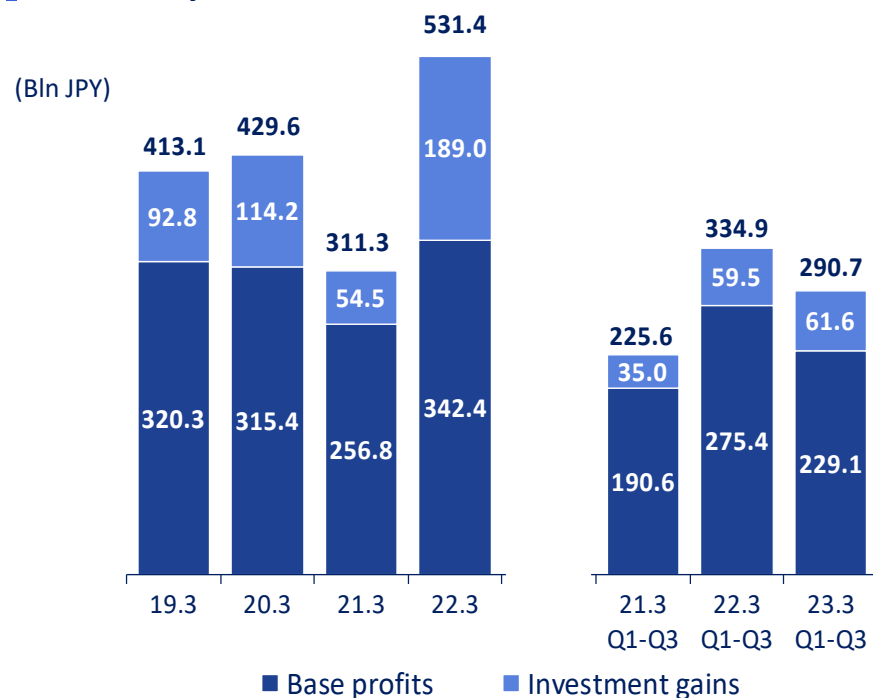
Insurance down owing to COVID-related payout expenses, but profits in four segments (incl. Aircraft and Ships) up YoY on reopening

## Investment gains

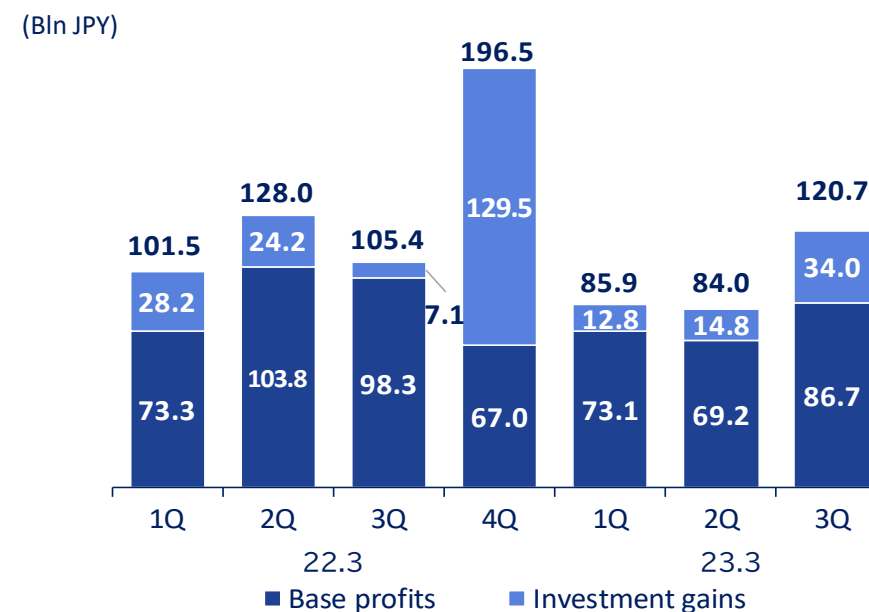
**61.6 Bln JPY, up 4% YoY (+2.1 Bln JPY)**

Higher on partial sale of Ormat stake, despite smaller investment gains from US PE exits

## Full fiscal year



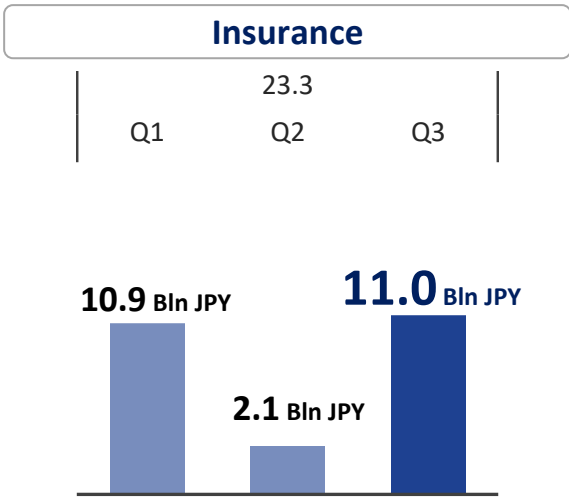
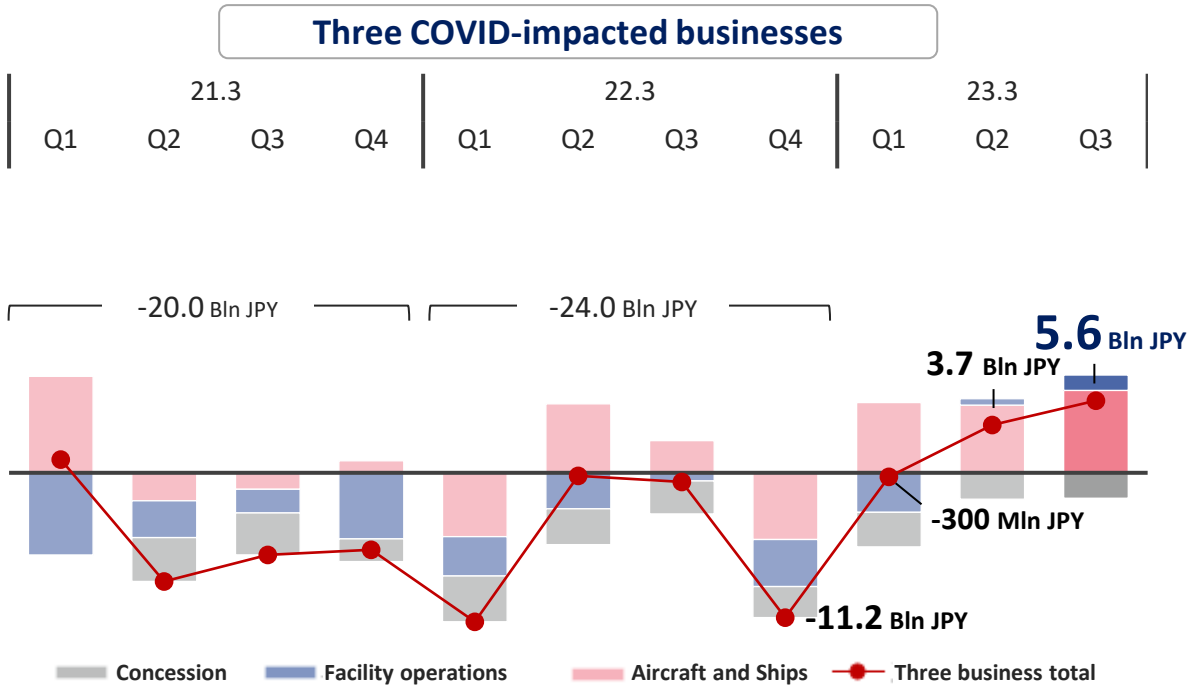
## Quarterly



# Recovery Progressing in COVID-Impacted Businesses

- ✓ Total segment profits at three COVID-impacted businesses recovering since the beginning of FY23.3
- ✓ Insurance profits improving, as changes to eligibility requirements led to decline in COVID-related payout expenses in Q3

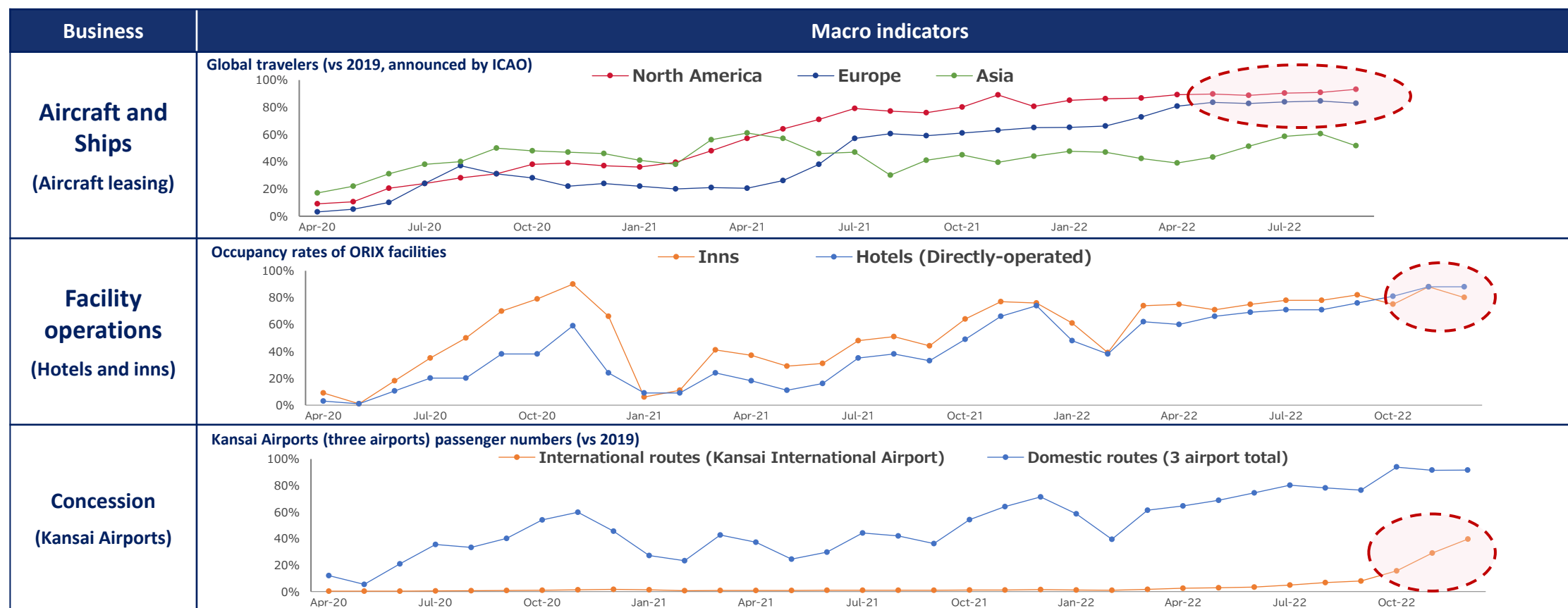
## Segment profits



\* FY20.3 segment profit (three business total) was 68.1 Bln JPY. 3-month lag for concession, 1-month lag for Avolon in Aircraft and Ships.  
Facility operations figure calculated by subtracting real estate segment investment gains from investment and operations unit segment profit.  
Reflects change in method of allocation of interest expense and SG&A expenses to segment profits from FY23.3 Q1.

# Recovery Progressing in COVID-Impacted Businesses

- ✓ Aircraft and Ships: Profits up, fueled by rebound in North American, European passenger markets
- ✓ Facility operations: Occupancy rates now around 80%, average daily rates (ADR) have mostly recovered to pre-pandemic (FY20.3) levels
- ✓ Concession: Sharp rise in international passengers since Oct (Dec 2023 level was 40% of Dec 2019), close to returning to the black



# Ongoing Capital Recycling

- ✓ In overseas renewable energy business, sold part of Ormat stake (Q3), plan to make Elawan wholly-consolidated subsidiary (Q4)
- ✓ In domestic PE business, exited Net Japan (Q3), completed investment in DHC in January

\*Major investment pipeline projects as of September 2022 are [here](#)

## Overseas Renewable Energy Business

### Partial sale of Ormat stake

- Major geothermal energy producer in the US, dual listed on NYSE, Tel Aviv Stock Exchange
- Reduced ownership stake from 19.7% to 11.9% (investment gain of around 15.0 Bln JPY)
- ORIX will continue to support further growth

### Making Elawan a wholly-owned subsidiary (planned)

- Global renewable energy company based in Spain
- Plan to raise ownership stake from 80% to 100% for greater flexibility in operations and financial strategy
- Owned operating capacity\* to grow from 1.3 GW (current) to 2.0 GW in 2023 H1

\* Capacity figures are on a gross capacity basis.

## Domestic PE Business

### Net Japan Exit

- Largest precious metals recycling firm in Japan
- Acquired in 2014
- MOIC 3.0x / IRR 16.4%

### Acquired DHC

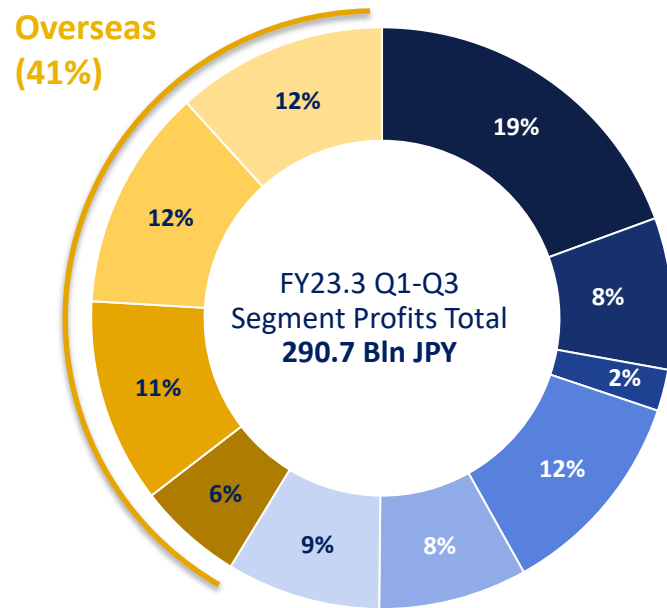
- Leading manufacturer of cosmetics, health foods in Japan
- Acquisition price of around 300.0 Bln JPY, aim to achieve IRR of 20% or higher
- FY22.7 operating profit of 16.7 Bln JPY (J-GAAP)

Capital Recycling

# Segment Profits

- ✓ PE Investment, Environment and Energy, Aircraft and Ships segment profits rose YoY, while Insurance, ORIX USA, and ORIX Europe fell
- ✓ Recorded strong quarterly profits, with 7 of 10 segments including Energy and Environment, Insurance, and ORIX Europe up QoQ

Segment Profits Breakdown



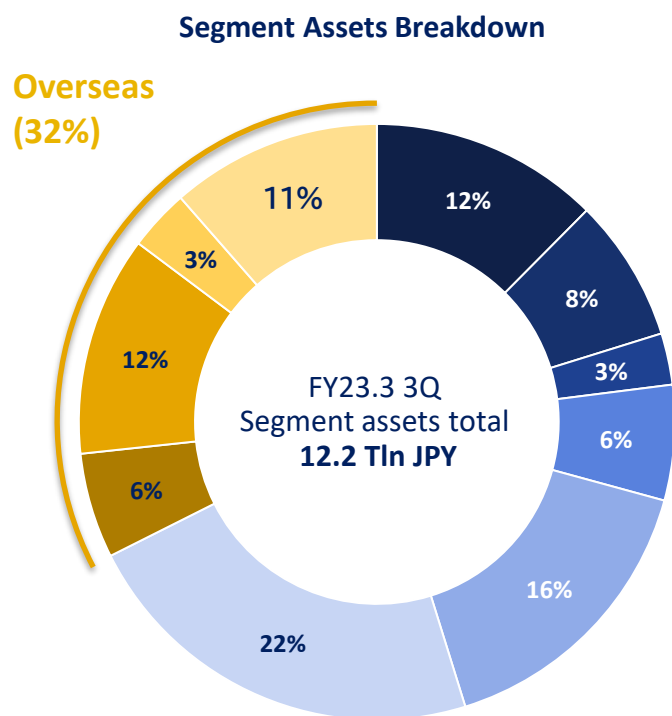
|       |  | 23.3 |      |       |       |        | YoY   |       | Highlight  |
|-------|--|------|------|-------|-------|--------|-------|-------|--|
|       |  | 1Q   | 2Q   | 3Q    | QoQ   | Q1-Q3  | 21.3  | 22.3  |  |
| 1     | Corporate Financial Services and Maintenance Leasing (Ex. Yayoi) | 15.7 | 19.8 | 21.0  | +1.2  | 56.4   | +20.5 | -0.6  | Profits up QoQ but down YoY owing to absence of valuation gains from investee booked in FY22.3                                       |
|       | Yayoi  | 0.0  | 0    | 0     | 0     | 0      | -4.8  | -4.8  | Exit completed in Q4 of FY22.3   |
| 2     | Real Estate  | 11.9 | 7.0  | 5.5   | -1.5  | 24.5   | +9.1  | -2.1  | Lower YoY as FY22.3 profits were skewed towards 1H. Facility operations recovering   |
| 3     | PE Investment and Concession                                     | 2.2  | 1.7  | 2.8   | +1.1  | 6.7    | +2.5  | +17.3 | Profits rose sharply YoY on sale of investee in 3Q, absence of year-earlier losses on Kobayashi Kako                                 |
| 4     | Environment and Energy   | 4.6  | 6.0  | 23.6  | +17.6 | 34.1   | +17.6 | +15.8 | Profits up dramatically on partial sale of Ormat stake, robust electric power selling revenues in overseas renewable energy business |
| 5     | Insurance  | 10.9 | 2.1  | 11.0  | +8.9  | 24.0   | -26.3 | -20.7 | Strong recovery vs. 2Q, although still lower YoY on increase in COVID-19 related payouts   |
| 6     | Banking and Credit   | 7.2  | 8.0  | 9.7   | +1.7  | 24.9   | -11.8 | -7.7  | Bank: Lower from one-time profit in previous period<br>Credit: Lower from higher advertising costs for new products                  |
| 7     | Aircraft and Ships   | 5.4  | 5.2  | 6.4   | +1.1  | 17.0   | +13.0 | +14.2 | Aircraft earnings up sharply on market recovery, Ships earnings higher   |
| 8     | ORIX USA   | 6.0  | 15.6 | 11.4  | -4.1  | 33.0   | +8.6  | -34.4 | Lower owing to sale in PE business in previous period and decrease in Lument earnings  |
| 9     | ORIX Europe  | 9.3  | 7.1  | 19.5  | +12.4 | 35.9   | +9.1  | -20.1 | Lower YoY led by decrease in AUM, but up QoQ on booking of performance fees  |
| 10    | Asia and Australia   | 12.6 | 11.5 | 9.9   | -1.6  | 34.1   | +27.5 | -1.0  | New business increasing in Asian markets, but lower YoY on absence of investment gains   |
| Total |  | 85.9 | 84.0 | 120.7 | +36.7 | 290.7* | +65.1 | -44.2 | -  |

\*The 7.2 Bln JPY difference between the FY23.3 Q3 segment profits total of 290.7 Bln JPY and pre-tax profits of 283.5 Bln JPY is attributable to the adjustment of segment profits to consolidated statement accounts.



# Segment Assets

- ✓ Assets increased, mainly due to changes in forex
- ✓ Segment asset ROA (annualized) improved QoQ (up 0.3%)



(Bln JPY)

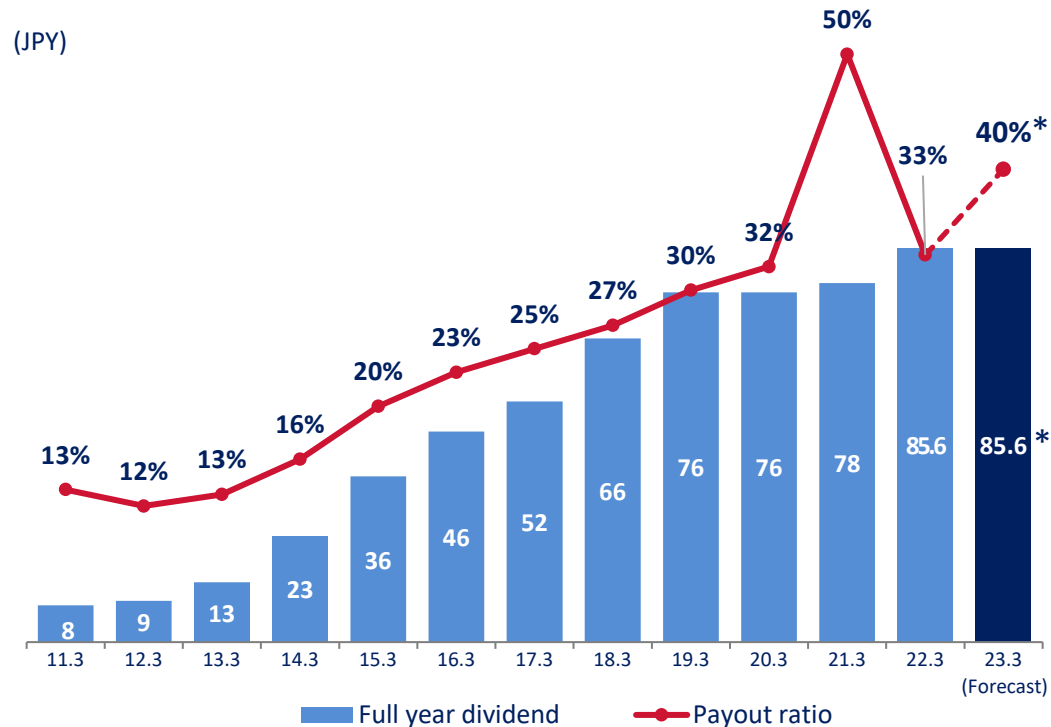
|       |  | 23.3 3Q  | Vs. end 22.3 | ROA* | Highlight  |
|-------|--|----------|--------------|------|--|
| 1     | Corporate Financial Services and Maintenance Leasing | 1,515.4  | -1.4         | 3.4% | Essentially flat vs. end-FY22.3, as large new transaction in 3Q offset lower balance due to careful selection of new deals |
| 2     | Real Estate  | 946.1    | +36.0        | 2.4% | Assets rose as development of new logistics centers and other properties offset ongoing property sales                     |
| 3     | PE Investment and Concession                         | 340.8    | -12.8        | 1.0% | Impact of sale of Net Japan offset new investment in HEXEL Works, assets down  |
| 4     | Environment and Energy                               | 761.8    | +58.2        | 4.3% | Assets increased, mainly due to changes in forex   |
| 5     | Insurance  | 1,944.8  | -127.4       | 1.2% | Positive on embedded value basis, despite down lower mark-to-market value of assets owing to higher interest rates         |
| 6     | Banking and Credit                                   | 2,728.0  | +40.8        | 0.8% | Mostly flat  |
| 7     | Aircraft and Ships                                   | 695.8    | +11.7        | 2.6% | Assets increased, mostly due to changes in forex   |
| 8     | ORIX USA   | 1,454.7  | +90.5        | 2.5% |  |
| 9     | ORIX Europe  | 404.9    | +3.1         | 8.9% |  |
| 10    | Asia and Australia                                   | 1,394.4  | +88.3        | 2.5% | Assets up as new business grew in Asian markets and due to changes in forex  |
| Total |  | 12,186.7 | +187.1       | 2.3% | -  |

\*Segment asset ROA is calculated using after-tax unit profits.

# Shareholder Returns

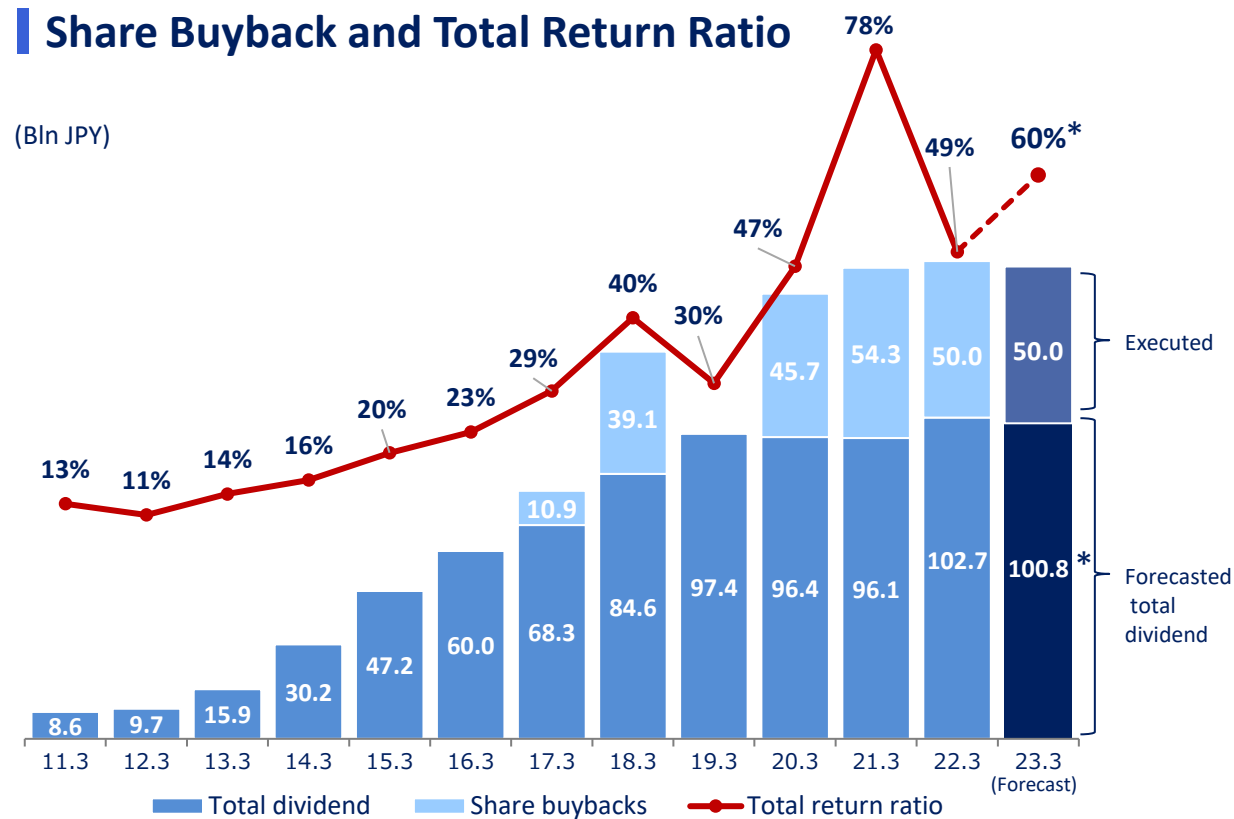
- ✓ Maintain basic policy of “1/3 of net income allocated to dividends, 1/3 to new investments, and 1/3 to retained earnings and share buybacks”
- ✓ Completed 50.0 Bln JPY buyback program, cancelled 23.43 million shares (2% of outstanding shares)
- ✓ FY23.3 full-year dividend: 85.6 JPY per share (previous fiscal year’s dividend) or a dividend payout ratio of 33%, whichever is higher
- ✓ Expected total return ratio of 60% if FY23.3 net income target of 250.0 Bln JPY achieved

## Dividend per Share and Payout Ratio



\* Assuming FY23.3 net income of 250 Bln JPY

## Share Buyback and Total Return Ratio



# Segment Performance

# Corporate Financial Services and Maintenance Leasing



Segment profit: 56.4 Bln JPY

YoY -5.4 Bln JPY (-9%)

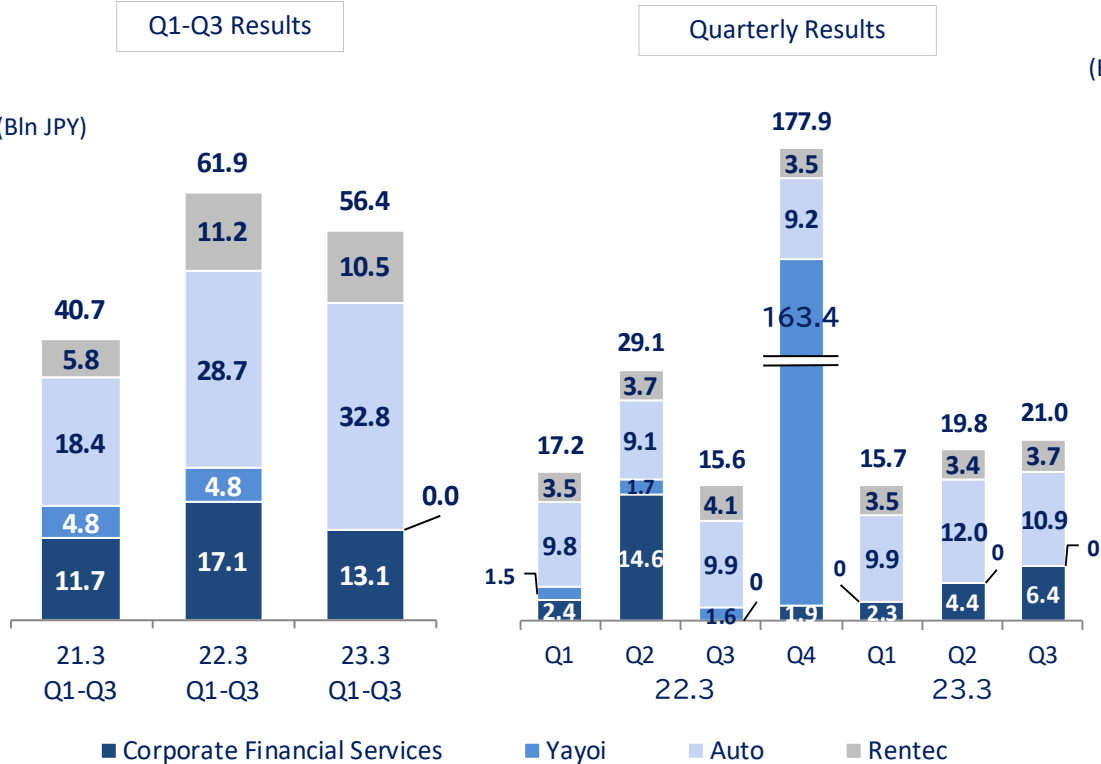
- ✓ Corporate Financial Services: Profits healthy if year-earlier investment gains from an investee excluded
- ✓ Auto: Profits higher on strong used car market, recovery in rental cars
- ✓ Rentec: Profits held steady at year-earlier levels, which were a record high

Segment assets: 1,515.4 Bln JPY

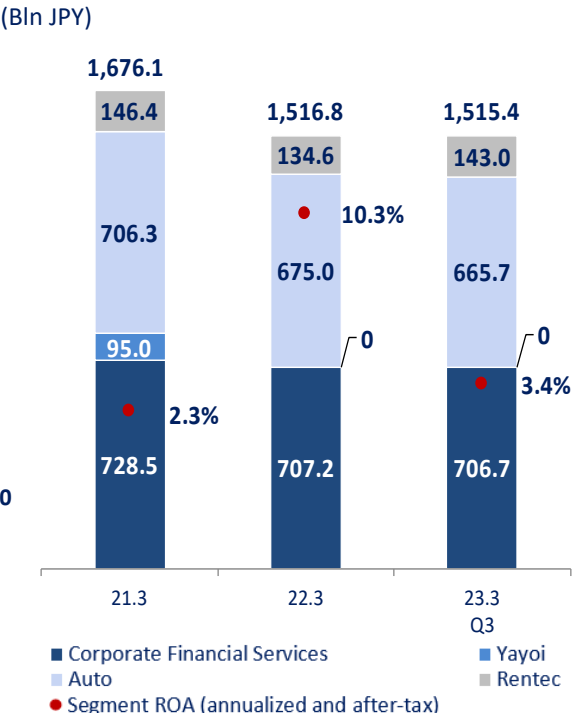
YTD -1.4 Bln JPY (flat)

- ✓ Corporate Financial Services: Balance flat on large transaction booked in 3Q, although continue to be careful in selecting new business deals
- ✓ Auto: Assets decreased owing to shortage of new auto supply

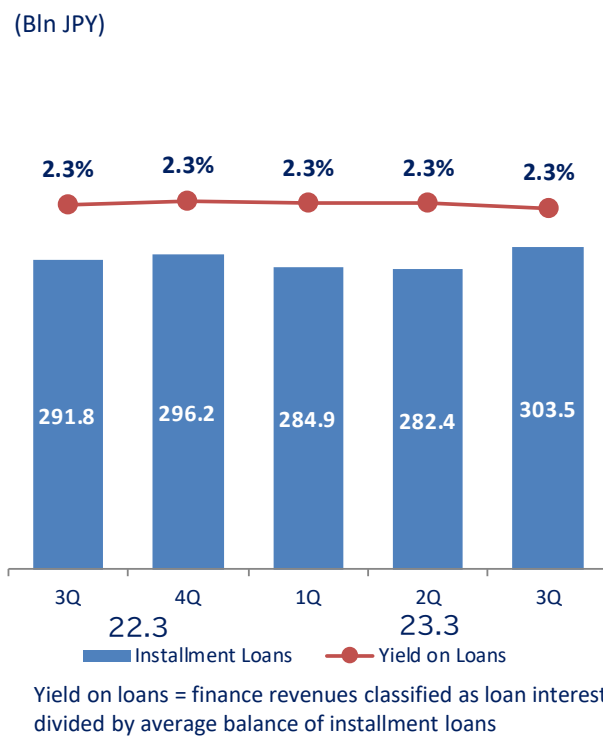
Segment profit



Segment assets • ROA



Yield on Loans



# Corporate Financial Services and Maintenance Leasing - About the Business



Main business: Finance and fee business; leasing and rental of automobiles, electronic measuring instruments and ICT-related equipment

| Corporate Financial Services  | Auto   | Rentec  |
|---|--|---|
| Core platform for cross-selling ORIX Group products & services  | World leader in vehicles under management  | Leading equipment rental company  |
| <div>Nationwide sales network</div> <div>Partner with Group companies to offer solutions for SMEs, middle-market firms</div> <div><div><div>Real Estate</div><div><ul style="list-style-type: none"><li>Real estate brokerage services</li><li>Retail property, building leasing</li></ul></div></div><div><div>PE Investment</div><div><ul style="list-style-type: none"><li>Succession support, other sourcing/exit opportunities</li><li>Introduce PE investees to other clients</li></ul></div></div><div><div>Environment and Energy</div><div><ul style="list-style-type: none"><li>PPAs, in-house power generation</li><li>Power retailer to corp. clients</li></ul></div></div><div><div>Aircraft and Ships</div><div><ul style="list-style-type: none"><li>Introduce aircraft, ship investment opportunities</li></ul></div></div></div> | <div>Vehicles under management: 1.423 Mln<sup>*1</sup></div> <div>Offers wide range of products and services, ability to make complex proposals an advantage<sup>*1</sup><ul style="list-style-type: none"><li>Leased vehicles (No. 1 in industry<sup>*1</sup>)</li><li>Rental cars (No. 2 in industry<sup>*2</sup>)</li><li>Car sharing vehicles (No. 3 in industry<sup>*2</sup>)</li></ul></div> | <div>Units in inventory: 37,000 types, 2.5 million units<sup>*3</sup></div> <div>Japan's largest rental equipment company, offers specialized services<ul style="list-style-type: none"><li>Electronic measuring instruments, ICT-related equipment rental</li><li>3D printer, next-generation robot rental</li><li>5G adoption support</li><li>Outsourced 3D printing services</li></ul></div> |

\*1 As of end-September 2022

\*2 Based on ORIX Auto data as of end-March 2022

\*3 As of end-March 2022

Segment profit: 24.5 Bln JPY

YoY -2.1 Bln JPY (-8%)

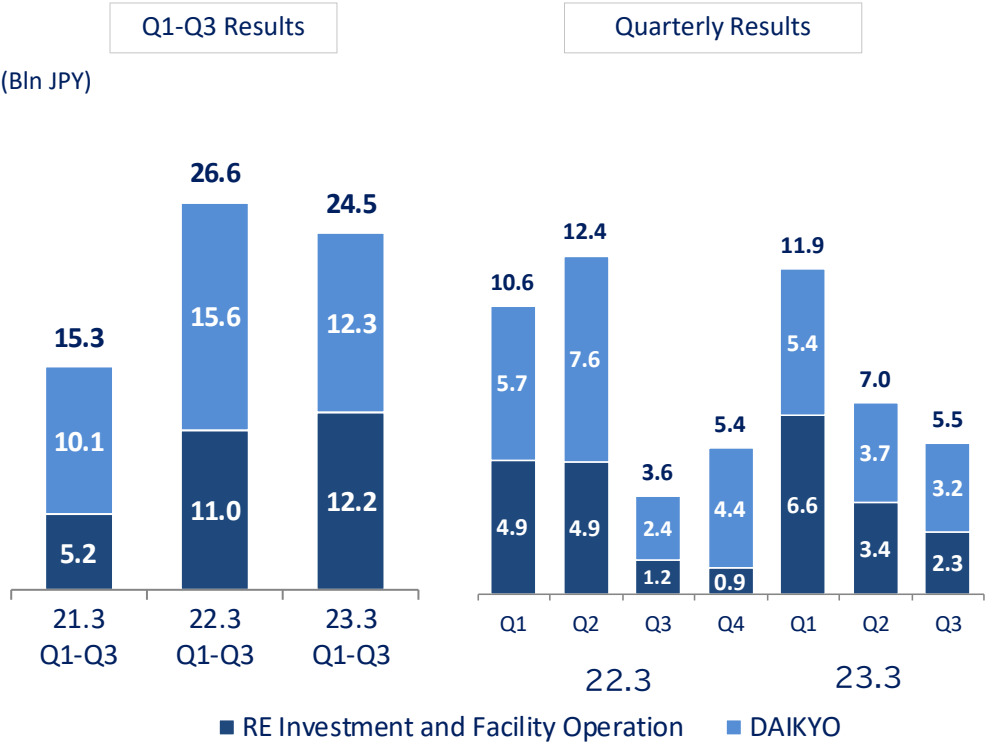
- ✓ Facility operations: Earnings improved dramatically as reopening progresses
- ✓ Daikyo: Lower YoY as profits skewed towards H1 in FY22.3, but earnings solid in line with plan

Segment assets: 946.1 Bln JPY

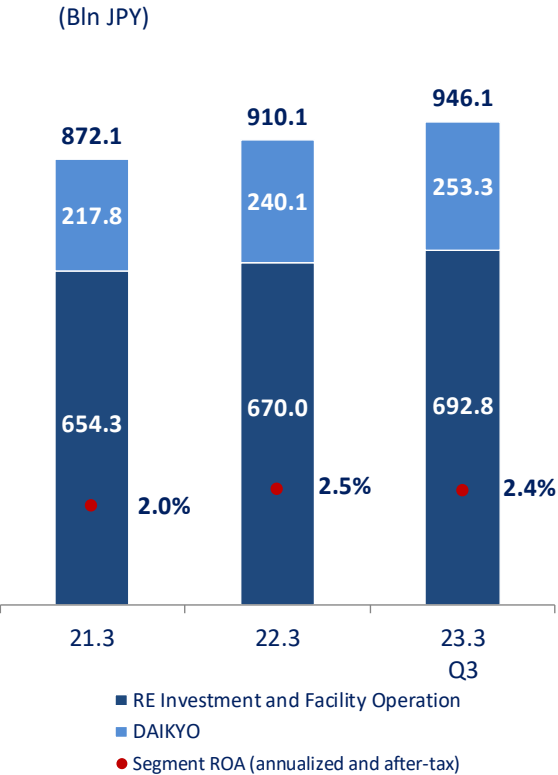
YTD +36.0 Bln JPY (+4%)

- ✓ Assets rose as development of new logistics centers and other properties offset ongoing property sales

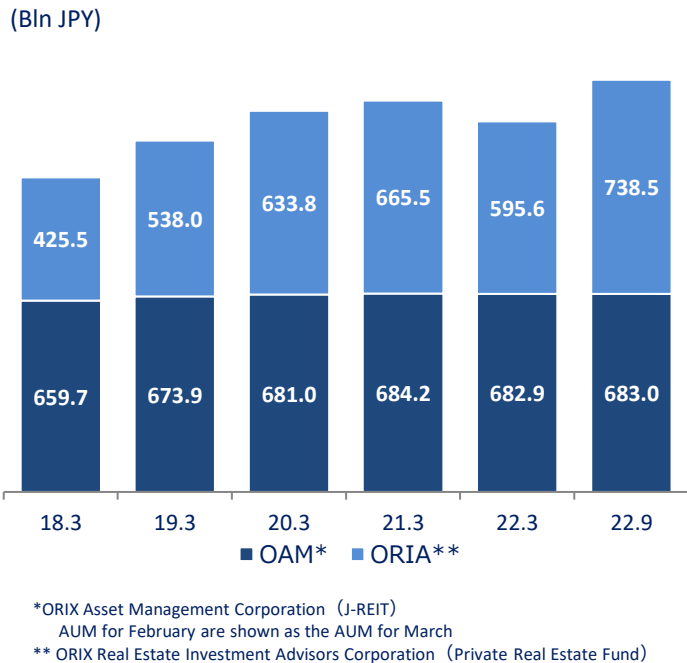
Segment profit



Segment assets • ROA



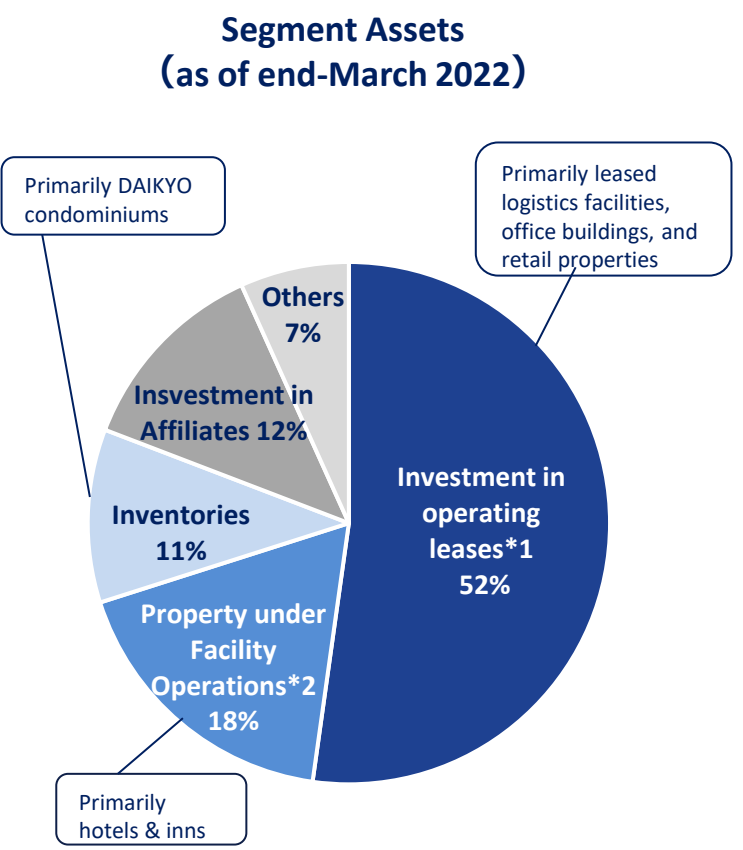
AUM



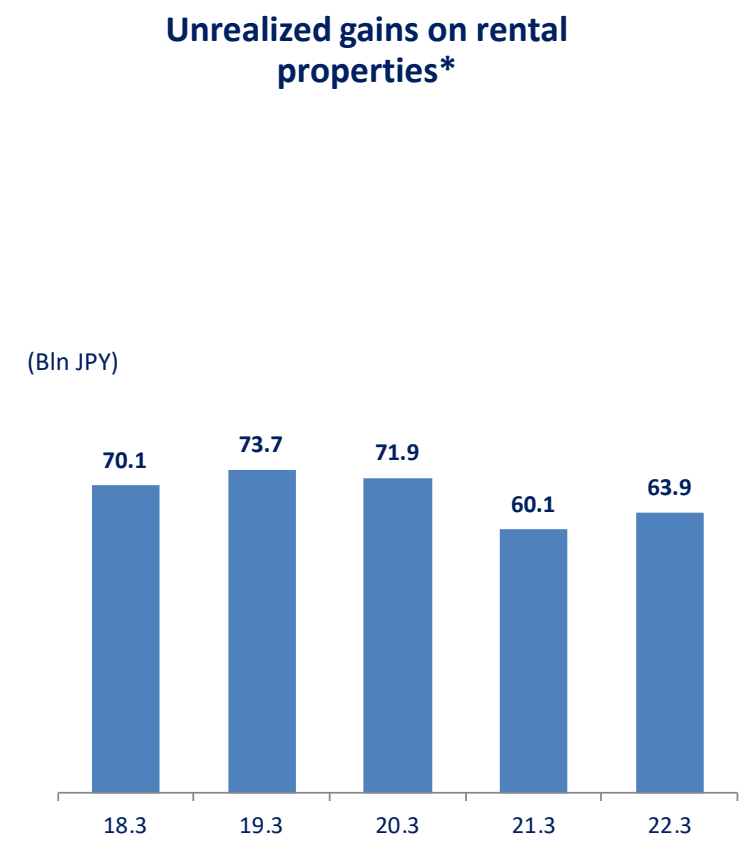
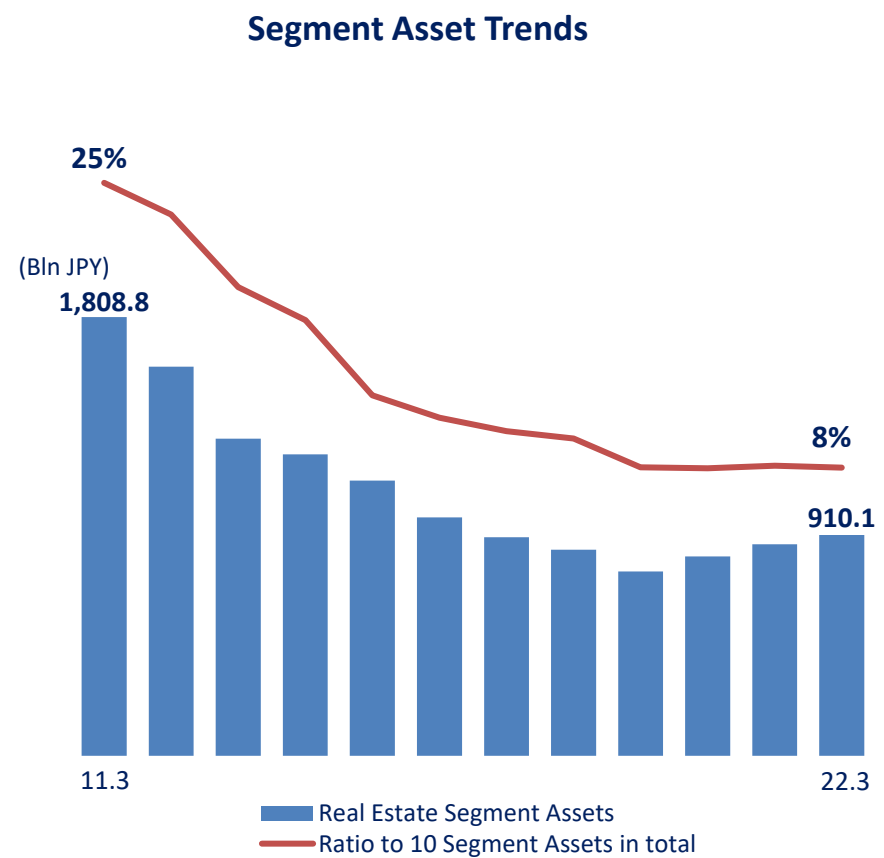
# Real Estate – About the Business



Main Business: Real estate development, rental and management; facility operation; real estate asset management



\*1: Includes net investment in leases and advances for finance lease and operating lease  
\*2: Includes advances for property under facility operations



\*Includes rental properties in segments other than Real Estate segment. Does not include properties in facility operation

# PE Investment and Concession

**Segment profit: 6.7 Bln JPY**

YoY +17.3 Bln JPY (return to black)

- ✓ Profits rose YoY on sale of investee in 3Q, even after considering absence of year-earlier losses on Kobayashi Kako
- ✓ Concession: Earnings improving on increase in passenger volume

**Segment assets: 340.8 Bln JPY**

YTD -12.8 Bln JPY (-4%)

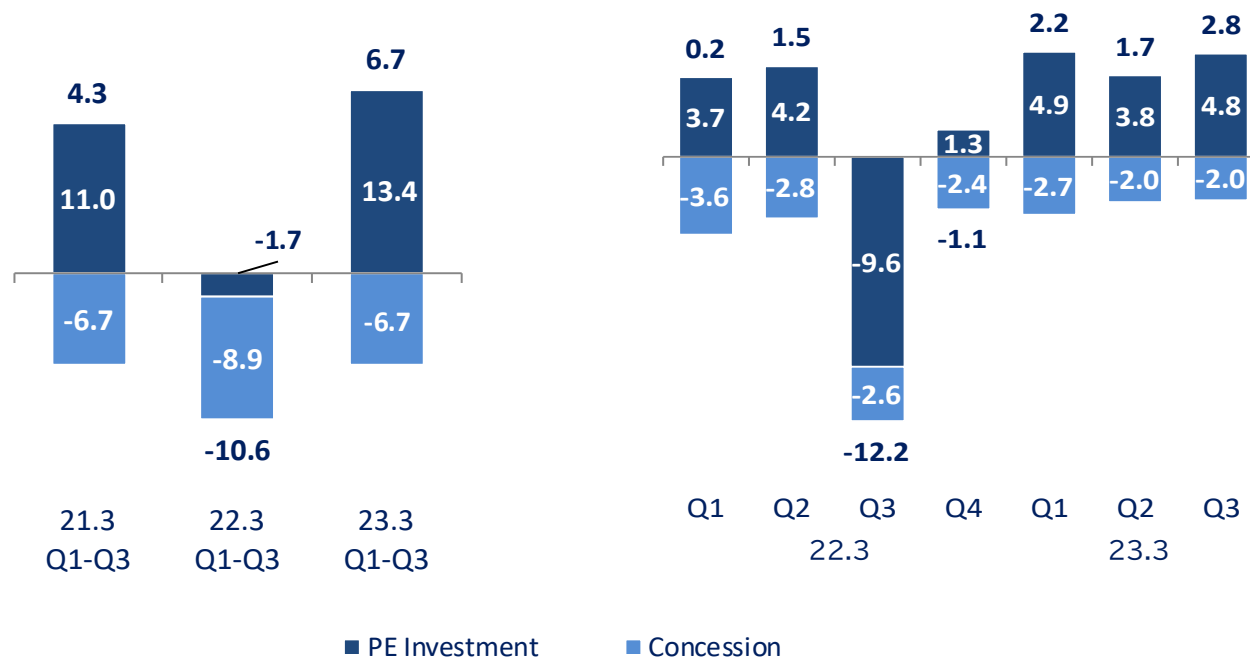
- ✓ Impact of sale of Net Japan offset new investment in HEXEL Works, assets down

**Segment profit**

Q1-Q3 Results

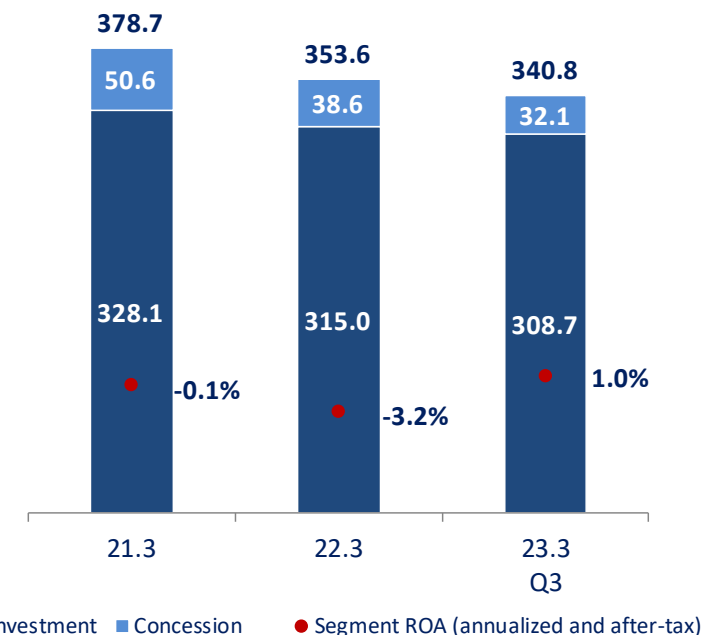
Quarterly Results

(Bln JPY)



**Segment assets • ROA**

(Bln JPY)





# PE Investment and Concession – About the Business

- ✓ Currently invested in 17 companies (as of end-March 2022); aim to develop new business segments for ORIX

## Investment Track Record

Leveraging our broad network and experience we have established a superior investment track record

### Target companies

Small-mid cap  
focus  
(EV: Tens of Bln JPY)

### Investment span

3 – 5 years or  
longer  
(per project)

### Total investments since 2012

26 companies

### Track record

30% IRR  
Average achieved in 8 exits  
since 2012\*<sup>1</sup>

\*1 Excludes sale of Kobayashi Kako assets in March 2022.

## Investee Companies

### Management oversight/support

Hands-on involvement

### M&A, Tie-up Strategy

Expansion via M&As &  
tie ups with peer,  
adjacent industry firms

### Marketing support

Customer, sales  
channel expansion  
using ORIX network

### Professional human resources

Support from  
specialized staff

### IT Services

|                       |      |  |
|-----------------------|------|--|
| Koike Co., Ltd.       | 2017 | Manufacturer of electronic materials                 |
| Primagest, Inc.       | 2017 | Information processing service                       |
| APRESIA Systems, Ltd. | 2020 | Development, manufacture of networking equipment     |
| HC Networks, Ltd.     | 2020 | Design, configuration of information network systems |
| Informatix Inc        | 2020 | Development of geographic information systems        |

### Logistics/Rental Services, Dairy

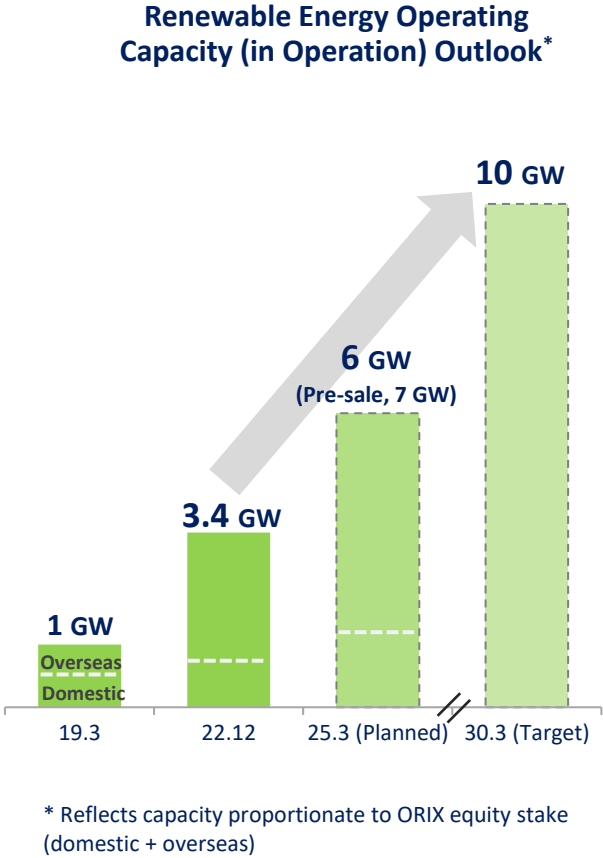
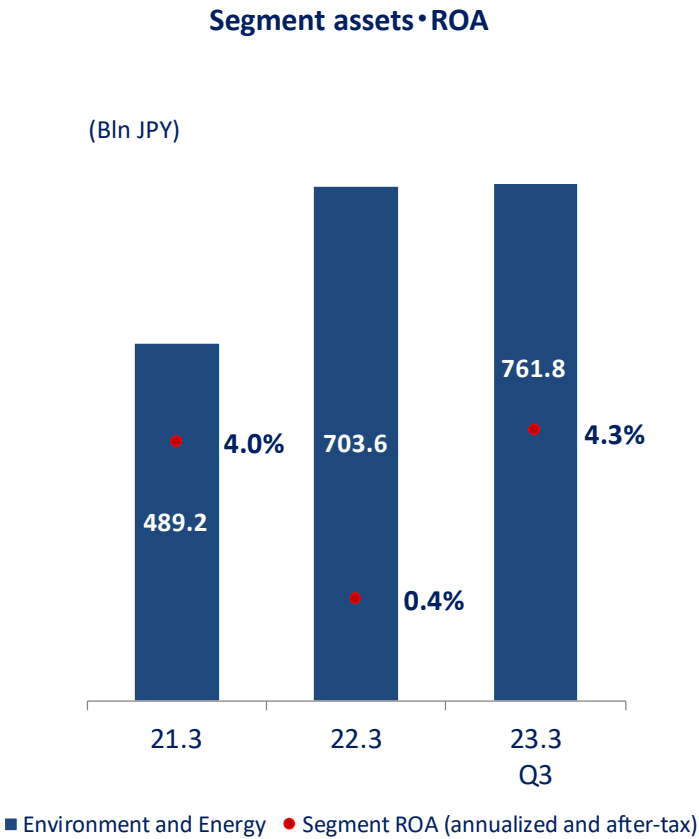
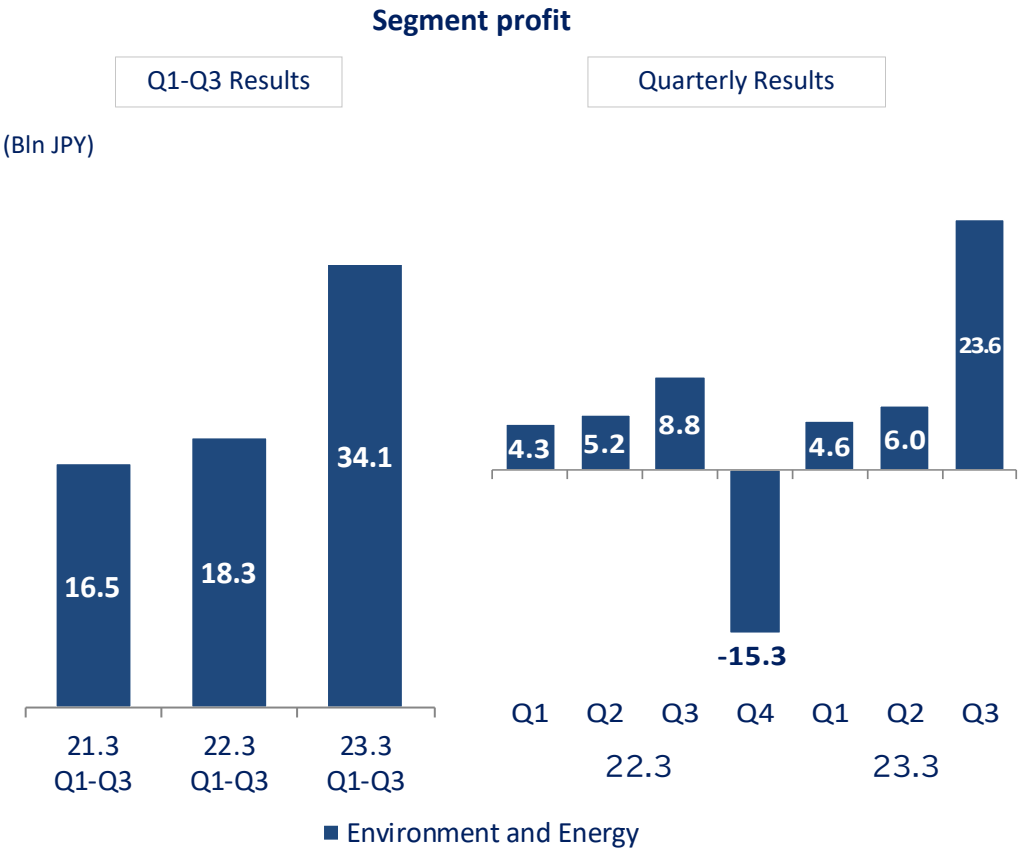
|                       |      |  |
|-----------------------|------|--|
| Cornes AG CORPORATION | 2018 | Total engineering service for dairy, agriculture-related equipment |
| Wako Pallet Co., Ltd. | 2019 | Seller and lessor of logistics equipment                           |
| SUGIKO Co.,Ltd        | 2020 | Scaffolding and temporary construction materials rental company    |

### Healthcare

|                                      |      |  |
|--------------------------------------|------|--|
| INNOMEDICS Medical Instruments, Inc. | 2015 | Sales of medical equipment and devices |
| Sasaeah Pharmaceutical Co., Ltd. *2  | 2016 | Veterinary pharmaceuticals             |

\*2 Formed via a merger of veterinary pharmaceutical maker (2016 ORIX investee) Fujita Pharm and veterinary vaccine manufacturer Kyoto Biken, began combined operations as Sasaeah holdings in 2022.

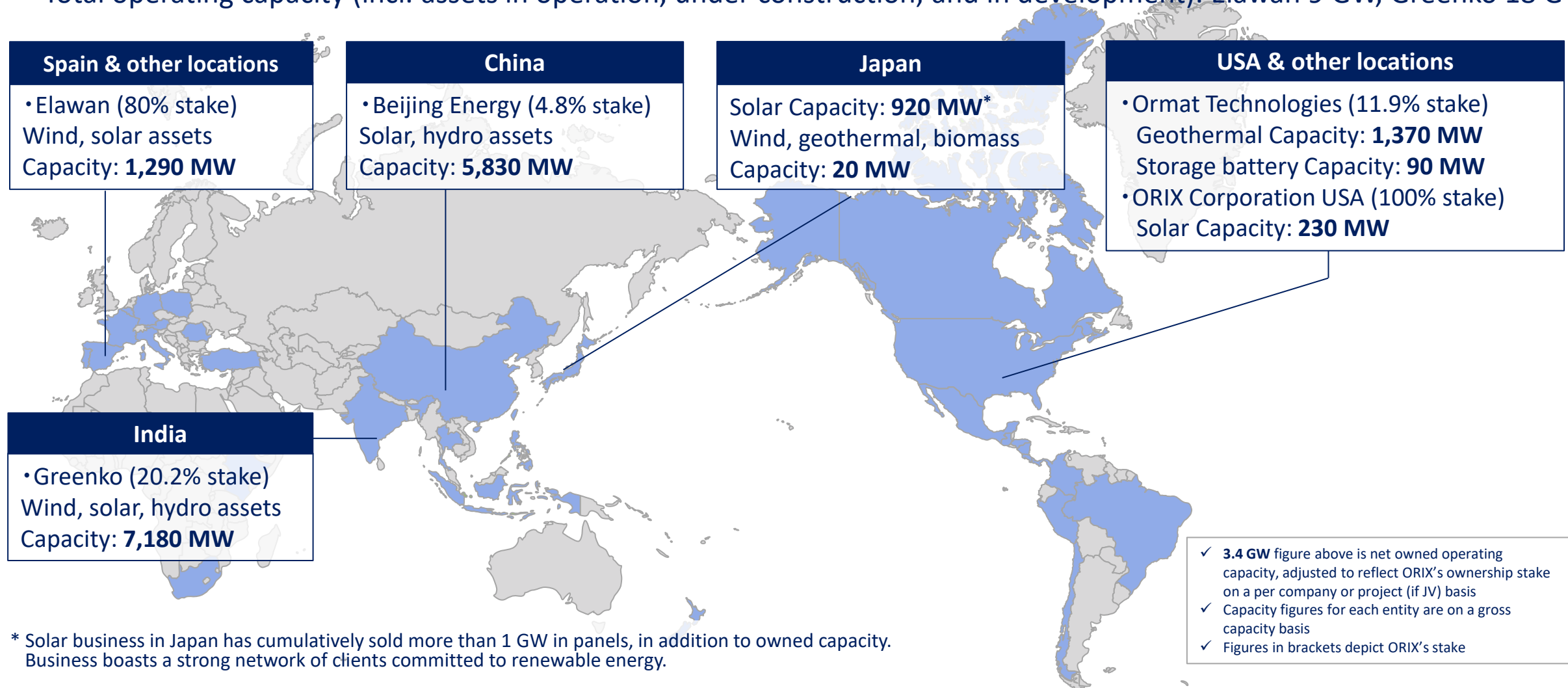
|   |                          |  |  |
|---|--------------------------|--|--|
| <b>Segment profit: 34.1 Bln JPY</b>   | YoY +15.8 Bln JPY (+86%) | <b>Segment assets: 761.8 Bln JPY</b>       | YTD +58.2 Bln JPY (+67.7 Bln JPY from forex) |
| ✓ Profits up dramatically on partial sale of Ormat stake, higher prices in electricity spot market overseas |                          | ✓ Assets increased due to changes in forex |  |
| ✓ Solar business in Japan also performed well   |                          |  |  |



# Global Renewable Energy Portfolio

- ✓ Total net owned operating capacity of **3.4 GW** worldwide
- ✓ Total operating capacity (incl. assets in operation, under construction, and in development): Elawan 9 GW, Greenko 18 GW

(as of end-December 2022)



**Segment profit: 24.0 Bln JPY**

YoY -20.7 Bln JPY (-46%)

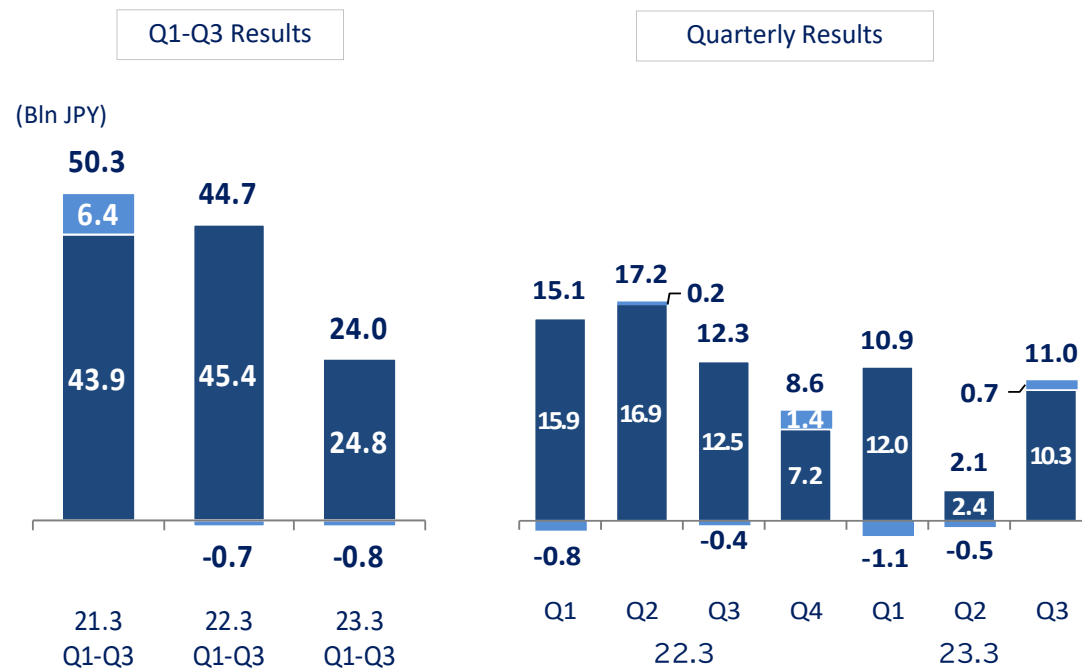
- ✓ Excluding impact of higher COVID-19 related payout expenses, profits up YoY on growth in policies in force and higher investment income
- ✓ COVID-19 related payout expenses hit 29.7 Bln JPY for Q1-Q3 (peaked in H1)

**Segment assets: 1,944.8 Bln JPY**

YTD -127.4 JPY Bln (-6%)

- ✓ Positive on embedded value basis, despite lower mark-to-market value of securities owing to higher interest rates

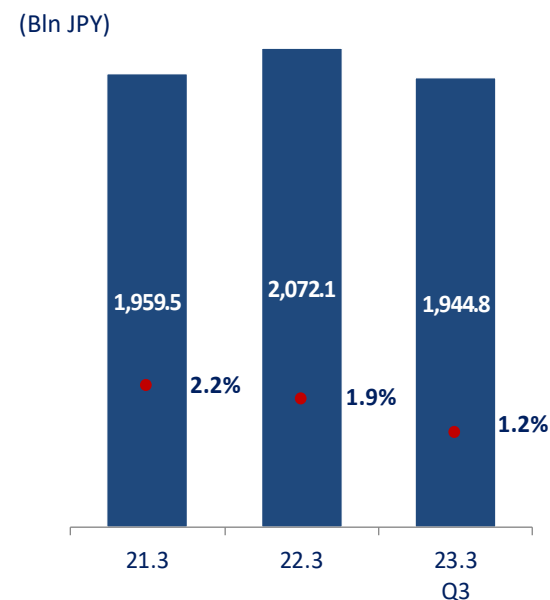
**Segment profit**



■ Life Insurance ■ ex-Hartford Life Insurance\*

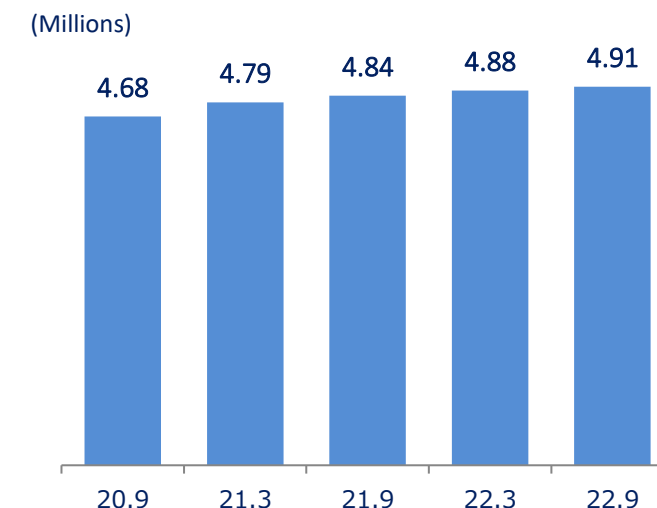
\*Hartford Life Insurance was acquired by ORIX Life in 2014, with the merger completed in 2015.

**Segment assets • ROA**



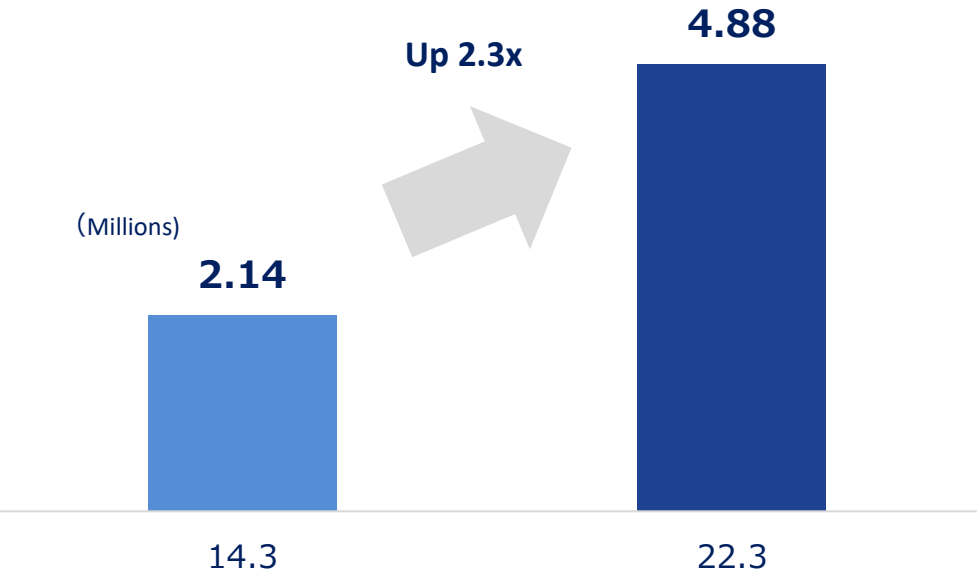
■ Life Insurance ● Segment ROA (annualized and after-tax)

**Number of ORIX Life Insurance Policies in Force**

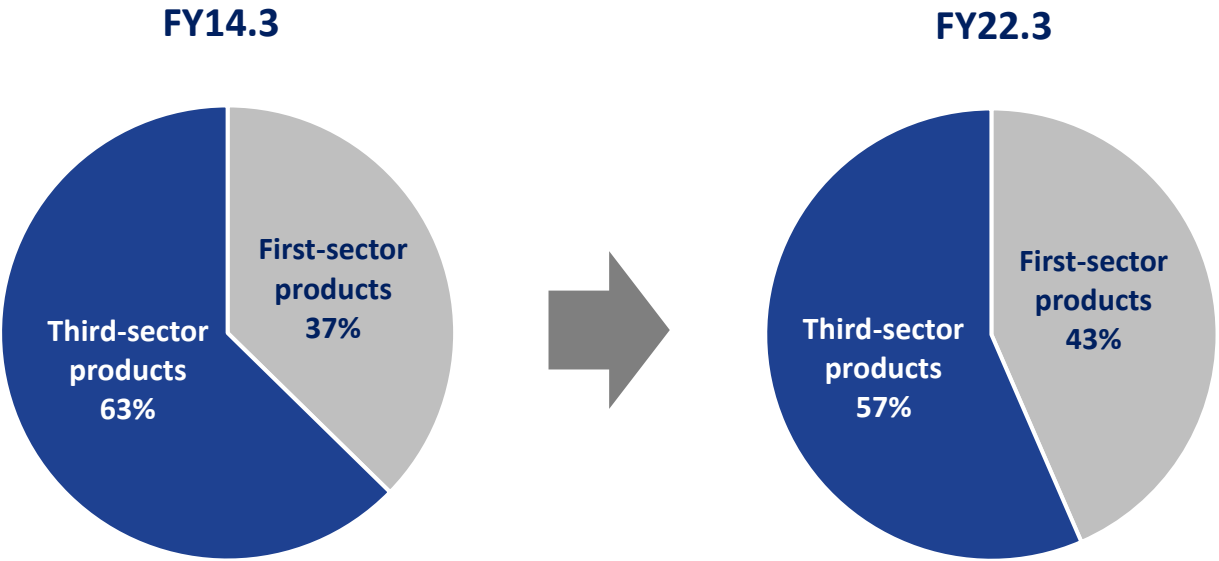


- ✓ Omni-channel strategy (including online/mail order) has allowed ORIX Life to post growth in policies well above industry average
- ✓ Shift from mix dominated by third-sector products (such as medical insurance *CURE*) to a more well-balanced portfolio with introduction of first-sector products (including whole life insurance *RISE*, US dollar-denominated whole-life insurance *Candle*)

Trends in Policies in Force\*



Product Portfolio Mix Trends  
(Annualized premiums for policies in force)



\*Industry-wide, policies in force grew 1.3x during the same period.  
Data taken from Japan Institute for Insurance Research statistics and information from individual companies' reporting, compiled by ORIX.

- First-sector products (Death protection, etc.)
- Third-sector products (Heath insurance, Cancer insurance, etc.)

# Banking and Credit

**Segment profit: 24.9 Bln JPY**

YoY -7.7 Bln JPY (-24%)

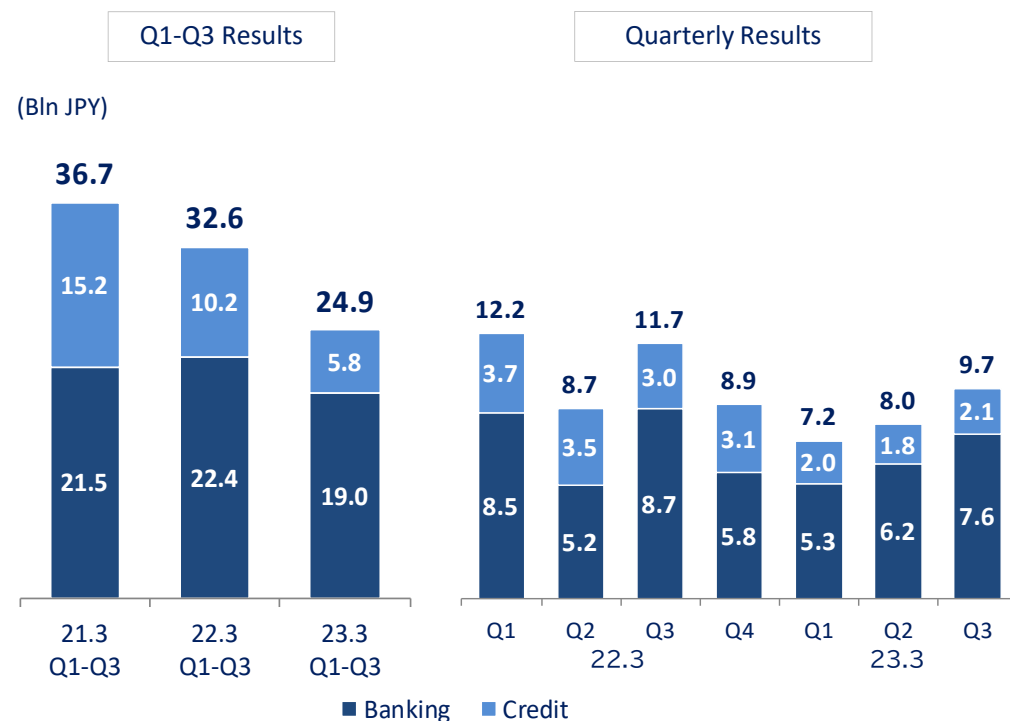
- ✓ Banking: Financial revenues remained steady YoY, but profits fell as there were one-time profits recorded in the previous period
- ✓ Credit: Profits lower due to aggressive advertising spending associated with a new product release

**Segment assets: 2,728.0 Bln JPY**

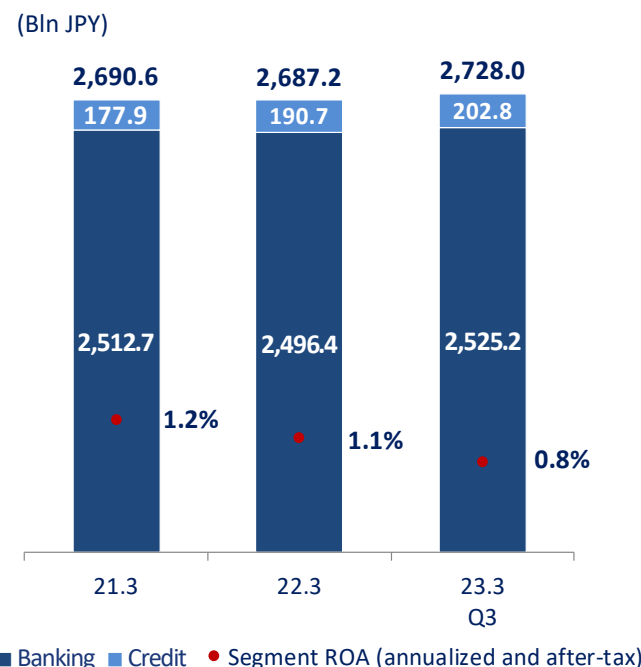
YTD +40.8 Bln JPY (+2%)

- ✓ Assets mostly flat

Segment profit



Segment assets • ROA



FY22.3 ROE/ROA\*<sup>1</sup>

|                          | ROE  | ROA  |
|--------------------------|------|------|
| ORIX Bank                | 8.6% | 0.7% |
| Megabanks Avg.           | 7.3% | 0.3% |
| RBAJ Avg. * <sup>2</sup> | 3.9% | 0.2% |
| SARB Avg. * <sup>3</sup> | 2.8% | 0.1% |

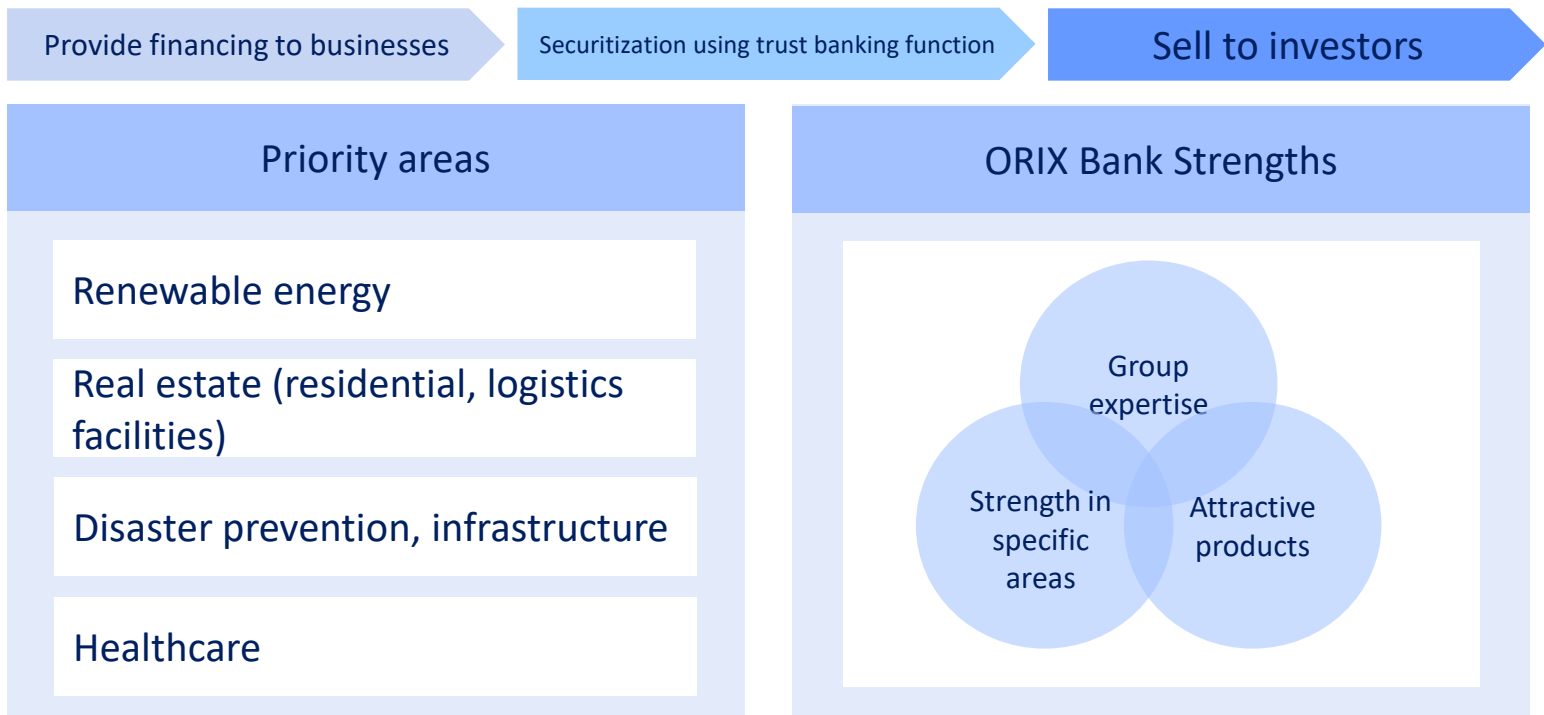
\*1 ROE/ROA figures calculated by ORIX, based on data from Japanese Banker's Association FY2021 Financial Statements of All Banks.

\*2 Regional Bank Association of Japan average

\*3 Second Association of Regional Banks average

- ✓ In addition to its mainstay real-estate investment loan business, ORIX Bank is strengthening its financing business to industries which support a sustainable society
- ✓ By utilizing its trust banking license, will develop and sell financial products, such as securitized loan products
- ✓ Aim to improve ROA and secure sustainable growth while controlling quality, size of asset base

## ■ ORIX Bank – A more robust business model



## ■ Case study

**Supplying green loans to mega-solar projects**

- ✓ Provided third-party assessed\* green loan to fund large solar projects in Niigata Prefecture
- ✓ Utilizing trust banking license, securitized this loan
- ✓ Helped meet regional financial institutions' needs for ESG investing products

\* Green loan was assessed with the highest GA1 rating by Ratings and Investment Information, Inc. (R&I)

# Aircraft and Ships

**Segment profit: 17.0 Bln JPY**

YoY +14.2 Bln JPY (+499%)

- ✓ Aircraft: Profits up sharply on higher leasing and service revenues, supported by recovery in passenger market. Avolon earnings recovering
- ✓ Ships: Profits increased due to well-timed sales of owned ships

**Segment assets: 695.8 Bln JPY**

YTD +11.7 Bln JPY (+55.4 Bln JPY from forex)

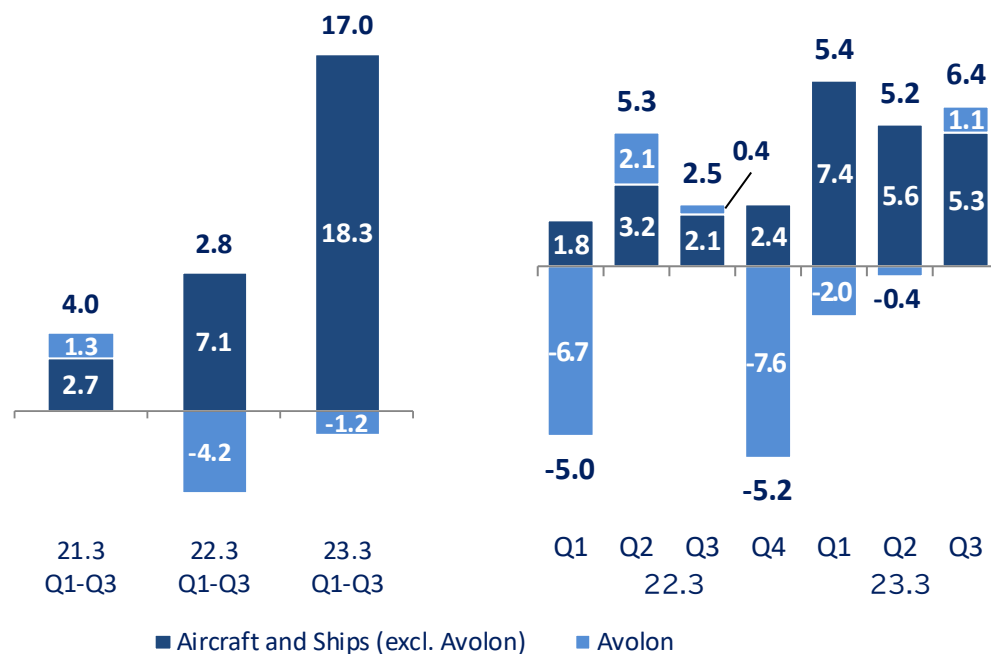
- ✓ Assets increased overall, as forex effects offset sales of owned ships

## Segment profit

Q1-Q3 Results

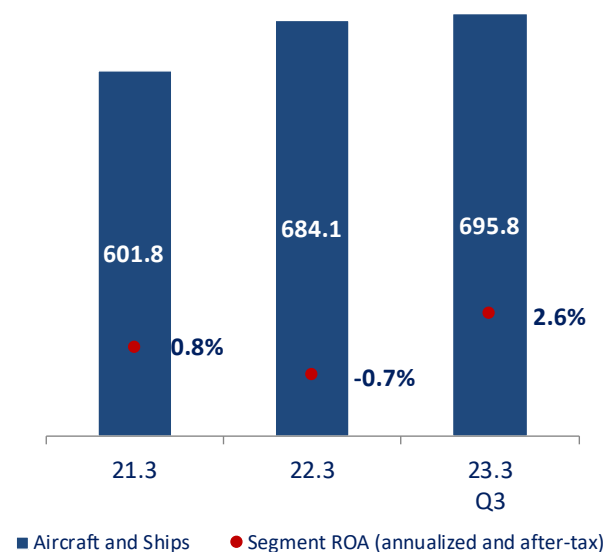
Quarterly Results

(Bln JPY)



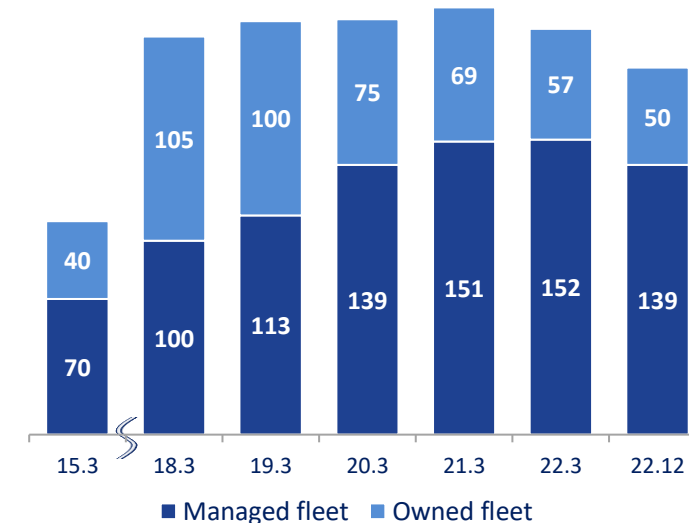
## Segment assets • ROA

(Bln JPY)



## ORIX Aircraft Leasing Business

### Owned and Managed Fleet\*



\*Excluding Avolon

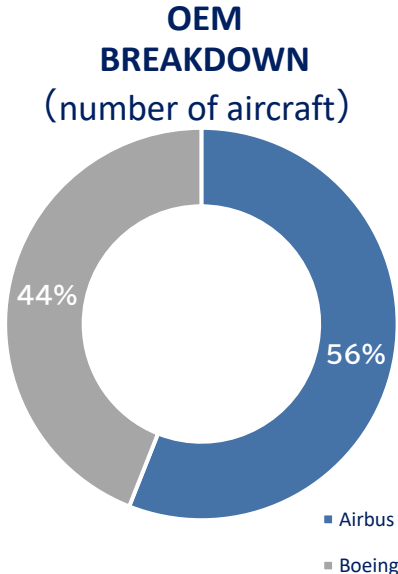
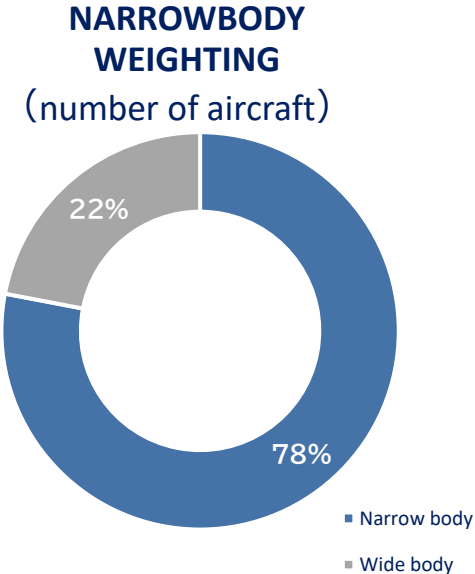
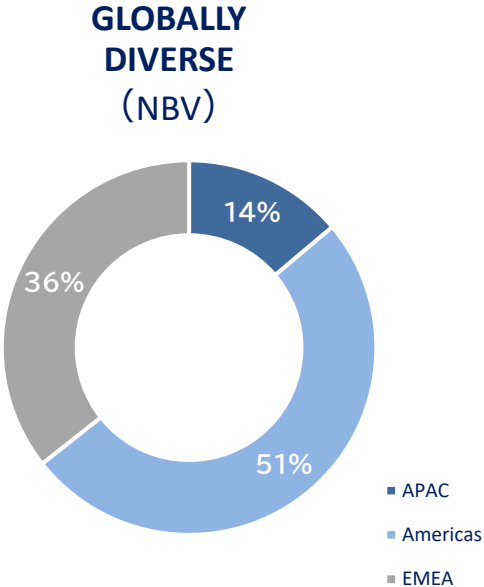


# Aircraft and Ships – About the Business



## ORIX Aviation

- ✓ Fully-owned subsidiary
- ✓ Mainly trading in second-hand market
- ✓ Arrangement of aircraft purchases to third parties, asset management services
- ✓ S&P servicer rating: Top ranking (Strong)



**Owned fleet**  
50

**Committed fleet**  
0

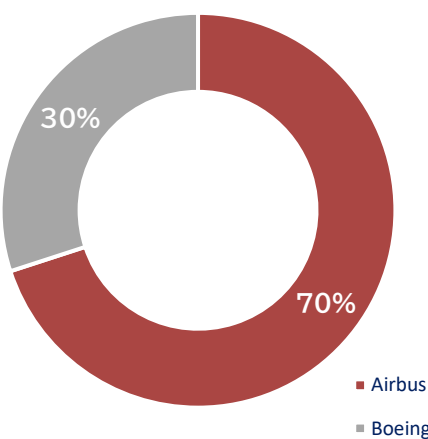
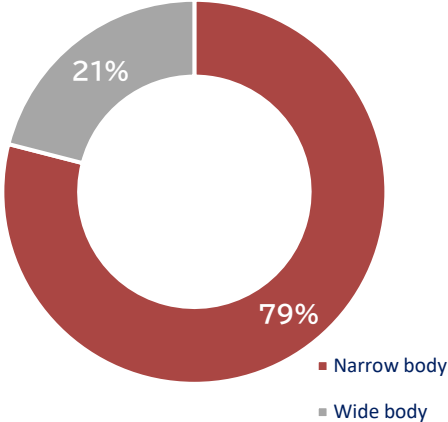
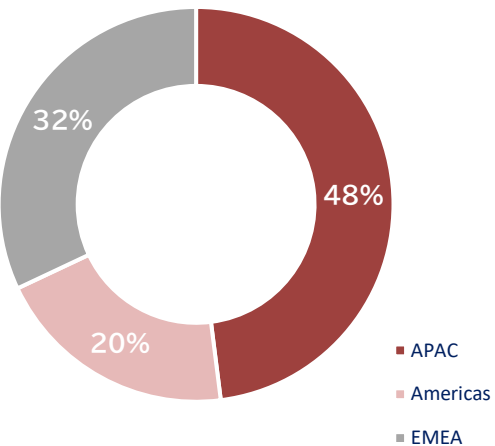
**Average age**  
6.4 years

**Avg. remaining lease term**  
6.6 years

**Managed fleet**  
139

## Avolon

- ✓ 30% stake (acquired in November 2018)
- ✓ Sizable direct orders to aircraft manufacturers
- ✓ Direct leasing of fleet
- ✓ S&P: BBB-  
Moody's: Baa3  
Fitch: BBB-



**Owned fleet**  
527

**Committed fleet**  
258

**Average age**  
6.1 years

**Avg. remaining lease term**  
6.9 years

(as of end-December 2022)

Segment profit: 33.0 Bln JPY

YoY -34.4 Bln JPY (-51%)

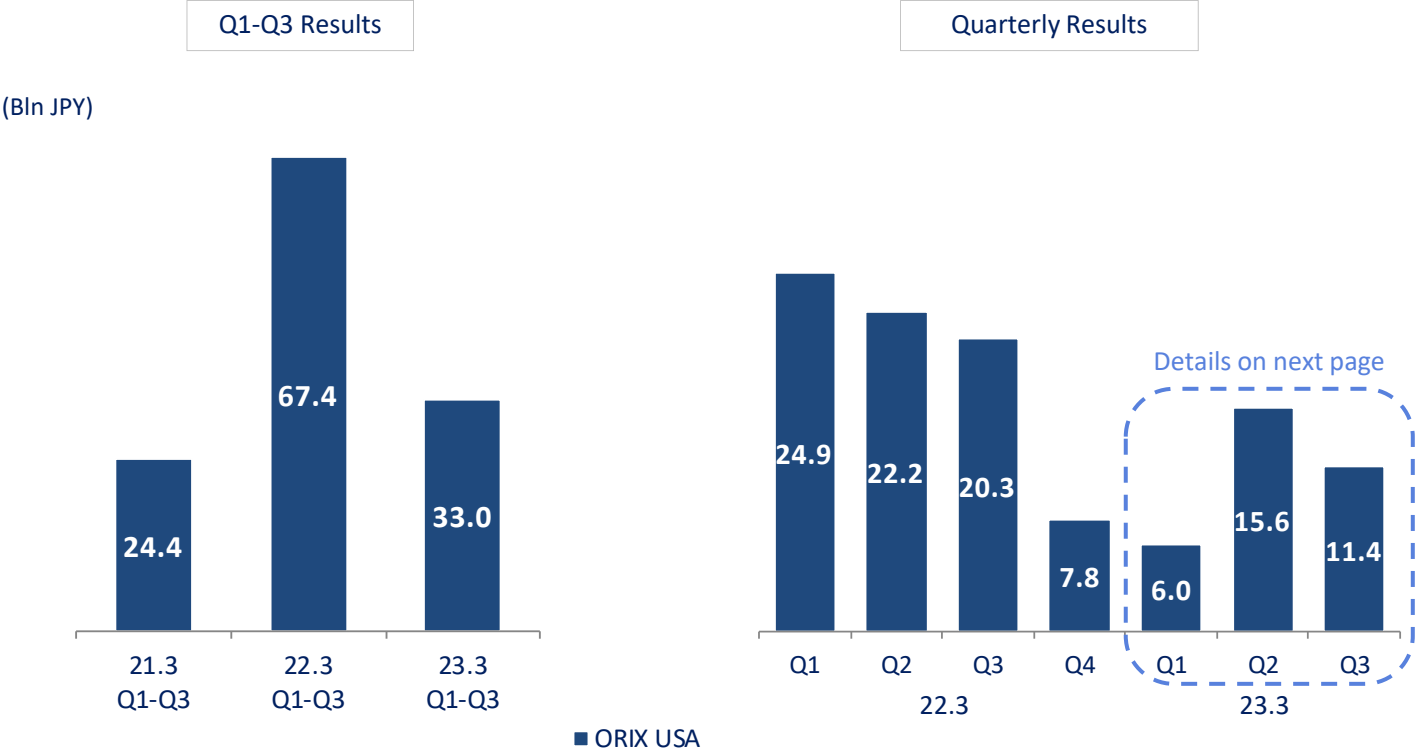
- ✓ Private equity: Multiple exits in the previous period led to reduction in capital gains
- ✓ Real estate loan income declined

Segment assets: 1,454.7 Bln JPY

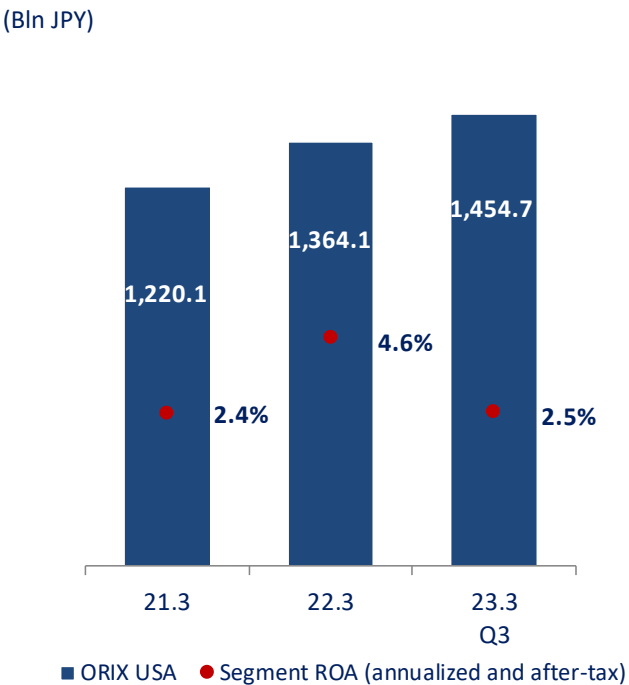
YTD +90.5 Bln JPY (+116.0 Bln JPY from forex)

- ✓ USD-denominated assets declined
- ✓ Maintained low non-performing loan ratio

Segment profit



Segment assets • ROA



- ✓ Instituted more conservative risk management stance, reflecting uncertain economic, monetary outlook in US
- ✓ Implemented enhanced internal controls and changes to committees in order to grow asset management business

### Segment Profit Breakdown (FY23.3)

(USD Mln)

| Business line | Capital gains |    |    |                  | Base profits |     |     |                  | Factors behind change  |
|---------------|---------------|----|----|------------------|--------------|-----|-----|------------------|--|
|               | Q1            | Q2 | Q3 | Change Q2 vs. Q3 | Q1           | Q2  | Q3  | Change Q2 vs. Q3 |  |
| PE investment | -4            | 42 | 47 | +5               | -5           | -11 | -15 | -4               | ▪ Capital gains: Realized exits in both Q2 and Q3  |
| Credit        | 6             | 35 | 20 | -15              | 43           | 56  | 18  | -38              | ▪ Capital gains: Lower on absence of Q2's sale of several small equity investments taken<br>▪ Base profits: Booked additional credit reserves (including specific reserves) in Q3 in light of economic uncertainty |
| Real estate   | 3             | 3  | -1 | -3               | 35           | 24  | 48  | +25              | ▪ Base profits: In Q3, BFIM fee income rose on securitization of managed properties, higher base profits at Lument   |
| Total*        | 6             | 79 | 66 | -13              | 72           | 69  | 51  | -18              |  |

\*Figures don't include HQ expenses associated with managerial accounting.

# ORIX USA – About the Business



- ✓ A provider of capital and financing solutions to middle market companies in USA, targets growth in asset management for three key verticals (total AUM / AUA \$74.9 Bln)
- ✓ Operates a hybrid strategy, investing own principal capital while providing capital market and asset management solutions to external investors

Segment profits and assets don't include HQ expenses associated with managerial accounting

(as of end-December 2022)

| Credit  | Real Estate   | Private Equity   |
|---|---|--|
| Segment Profits (Q1-Q3): \$177 Mln<br>Segment Assets: \$6.207 Bln   | Segment Profits (Q1-Q3): \$112 Mln<br>Segment Assets: \$3.357 Bln   | Segment Profits (Q1-Q3): \$54 Mln<br>Segment Assets: \$1.066 Bln   |
| <ul style="list-style-type: none"> <li>✓ Provides variety of debt services, using own principal capital and external capital</li> <li>✓ Products include leveraged loans, structured finance products, growth capital, CLOs, syndicate loans, municipal/infrastructure project financing</li> </ul> <p><b>Businesses:</b></p> <ul style="list-style-type: none"> <li>✓ NXT Capital</li> <li>✓ Signal Peak Capital Management</li> </ul> | <ul style="list-style-type: none"> <li>✓ Loan origination, primarily for US government mortgage agency loans (multifamily, senior care, healthcare)</li> <li>✓ LIHTC (low-income housing tax credit)* syndication</li> </ul> <p><b>Businesses:</b></p> <ul style="list-style-type: none"> <li>✓ Lument</li> <li>✓ Boston Financial Investment Management</li> </ul> | <ul style="list-style-type: none"> <li>✓ Two companies focused on middle-market firms – one fund investing principal and third-party capital, one principal-only strategy</li> <li>✓ Fund: 25 transactions since 2016 (avg. \$75-250 Mln deal size)</li> <li>✓ Principal investment strategy: 50 platform transactions since 2012 (\$10-\$20 Mln deal size)</li> </ul> <p><b>Businesses:</b></p> <ul style="list-style-type: none"> <li>✓ ORIX Capital Partners (fund)</li> <li>✓ ORIX Private Equity Solutions (principal investment strategy)</li> </ul> |

\* US federal tax credit program designed to promote supply of affordable housing, a market resilient to economic trends.

Segment profit: 35.9 Bln JPY

YoY -20.1 Bln JPY (-36%)

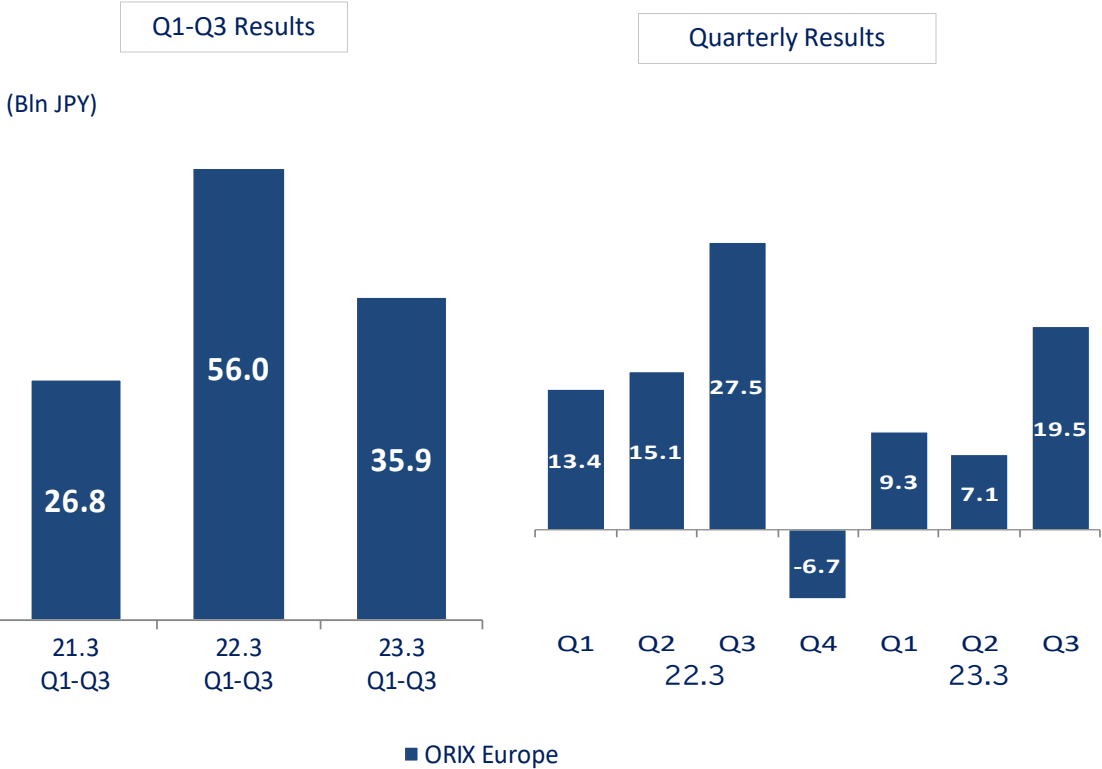
- ✓ Profits fell YoY owing to lower AUM
- ✓ Segment profit up sharply QoQ thanks to Transtrend performance fee booked in Q3

Segment assets: 404.9 Bln JPY

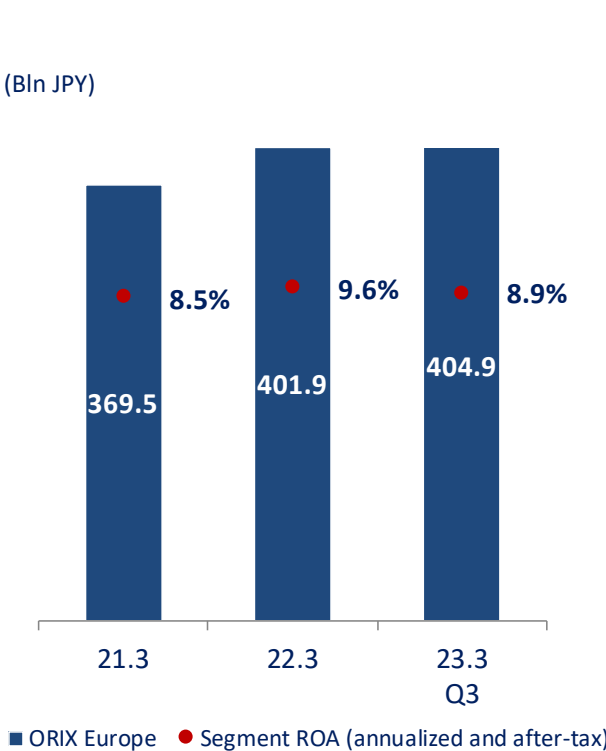
YTD +3.1 Bln JPY (+14.0 Bln JPY from forex)

- ✓ Assets increased due to changes in forex

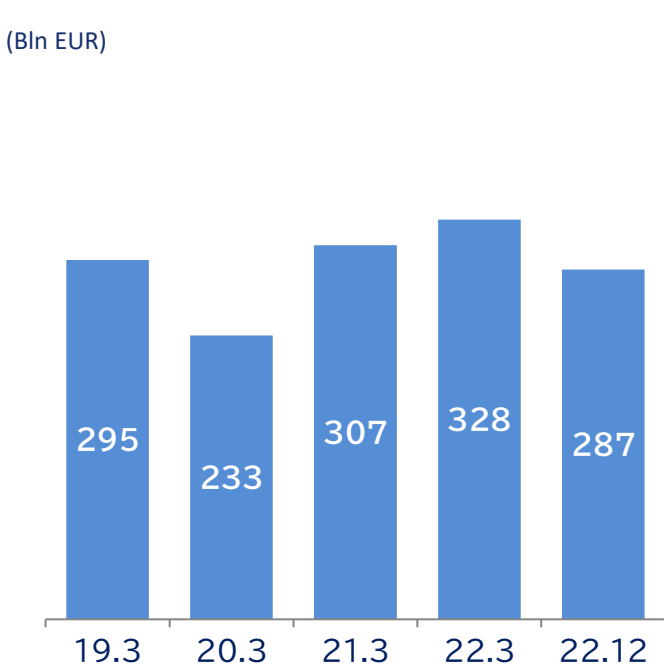
Segment profit



Segment assets • ROA



AUM



# ORIX Europe – About the Business

- ✓ Main Business: Equities, fixed income, renewable energy and other fund management
- ✓ Actively promoting ESG investing, especially through Robeco and Gravis Capital Management

| Major Subsidiaries        | Head Office | Primary Business  | Established (Acquired) |
|---------------------------|-------------|---|------------------------|
| Robeco                    | Rotterdam   | Equities, fixed income, and sustainability-focused asset management | 1929 (2013)            |
| Boston Partners           | Boston      | Value-focused boutique asset management firm                        | 1995 (2013)            |
| Harbor Capital Advisors   | Chicago     | Manager selection model   | 1983 (2013)            |
| Transtrend                | Rotterdam   | Commodity Trading Advisor   | 1991 (2013)            |
| Gravis Capital Management | London      | Alternative asset manager   | 2008 (2021)            |

An ESG pioneer since the mid-1990s, Robeco is recognized as a global leader in sustainable investing

**Robeco Parent AUM**

(as of 30 September 2022)



**173 Bln EUR**

**ESG-Integrated AUM**



**164 Bln EUR**

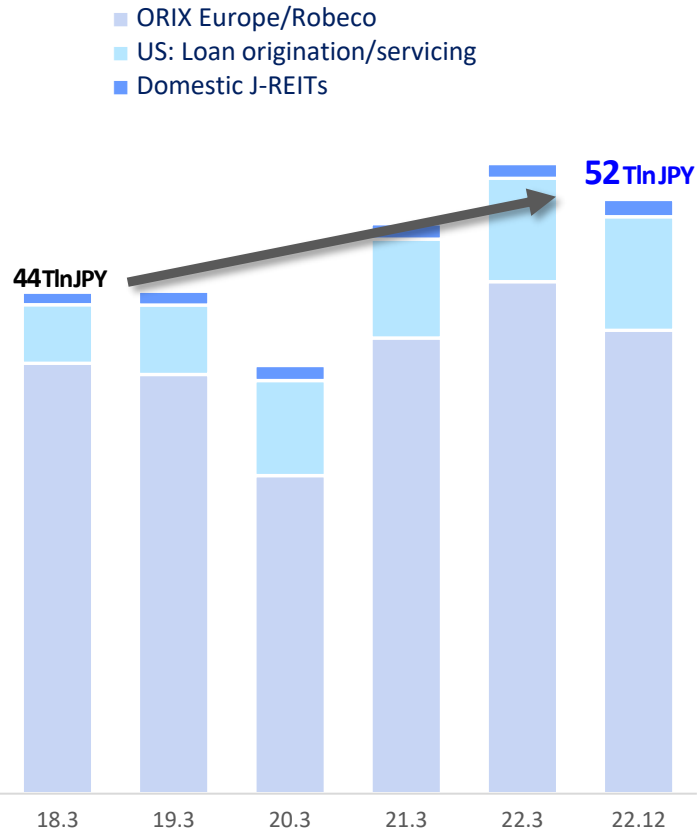
Announced support of Net Zero Asset Managers Initiative in Dec 2020, aims to achieve net zero GHG emissions across all assets under management by 2050

# ORIX Group – Asset Management Business



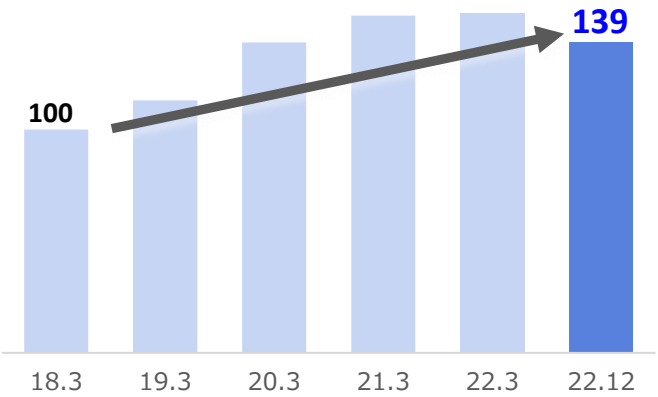
- ✓ Expansion in asset management business centered on Europe, US supports base profit growth
- ✓ Focus on management of diversified asset base, in addition to equities, fixed income, and alternative assets (Top domestic manager of renewable energy, aircraft, condominium property management, auto fleet assets)

Equity, Fixed Income, Alternative Assets AUM <sup>\*1</sup>

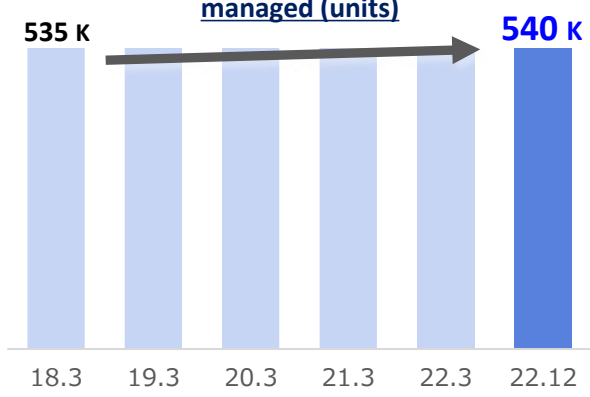


<sup>\*1</sup> End-period forex rates used. <sup>\*2</sup> Established mega-solar project management firm in June 2018

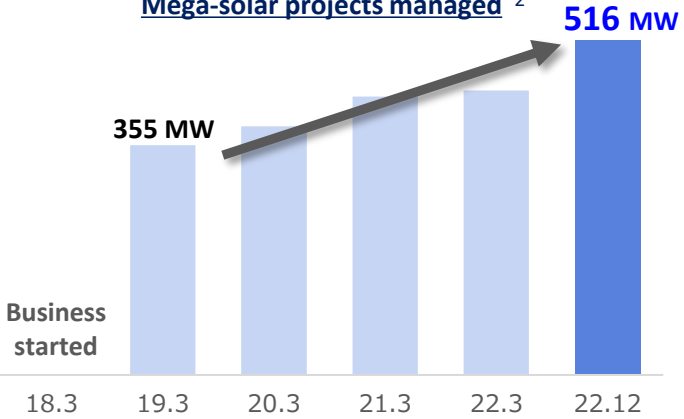
Aircraft fleet management



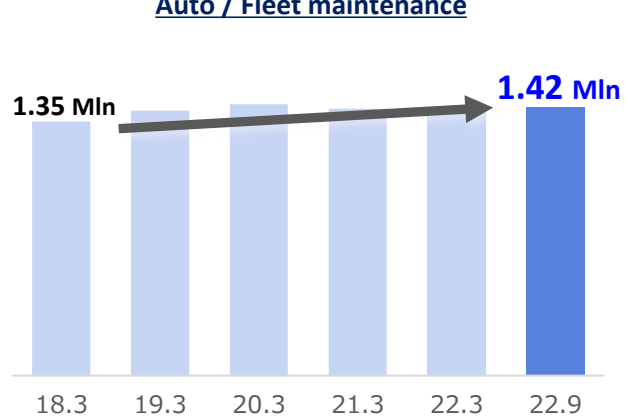
DAIKYO unit – Condominiums managed (units)



Mega-solar projects managed <sup>\*2</sup>



Auto / Fleet maintenance



Segment profit: 34.1 Bln JPY

YoY -1.0 Bln JPY (-3%)

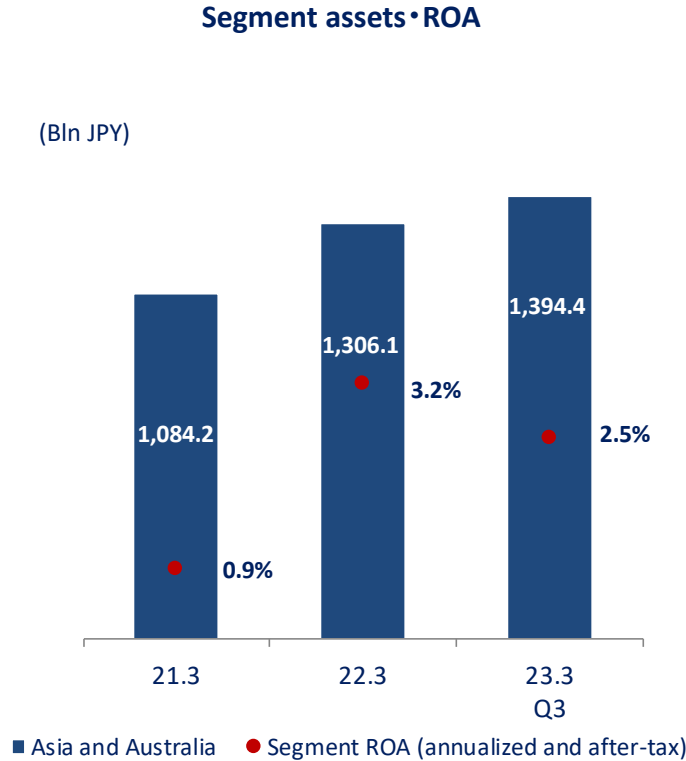
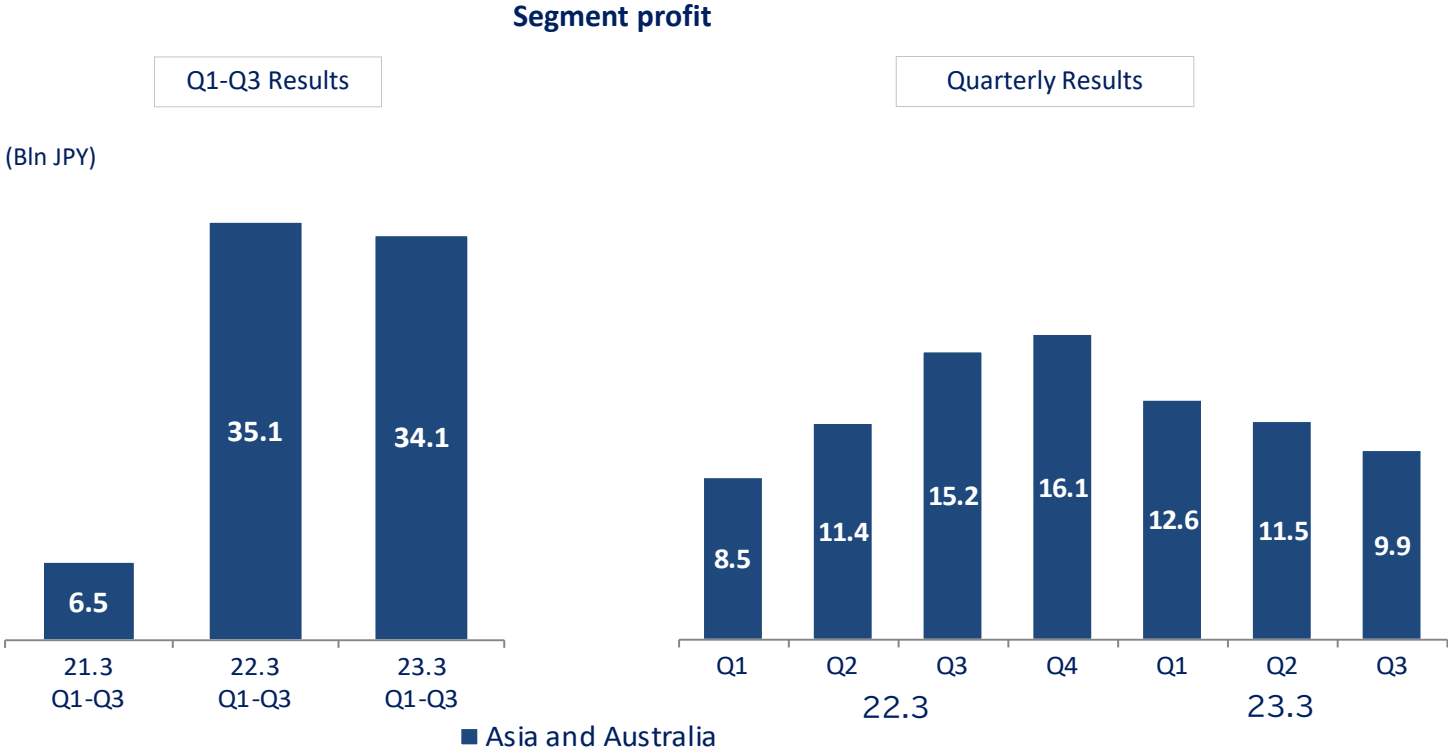
✓ Reopening-fueled increase in new business deal executions in Asia led to higher income

✓ Profits lower YoY on absence of investment gains booked in Q3 FY22.3

Segment assets: 1,394.4 Bln JPY

YTD +88.3 Bln JPY (+51.8 Bln JPY from forex)

✓ Assets up on new business deal execution in Asia markets and due to changes in forex

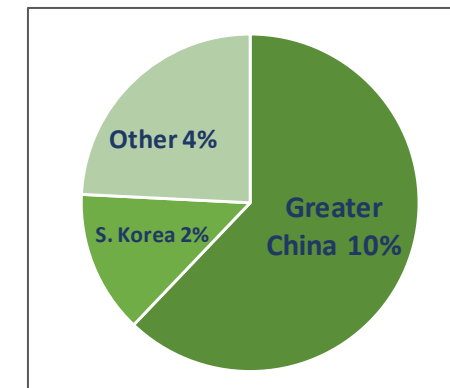
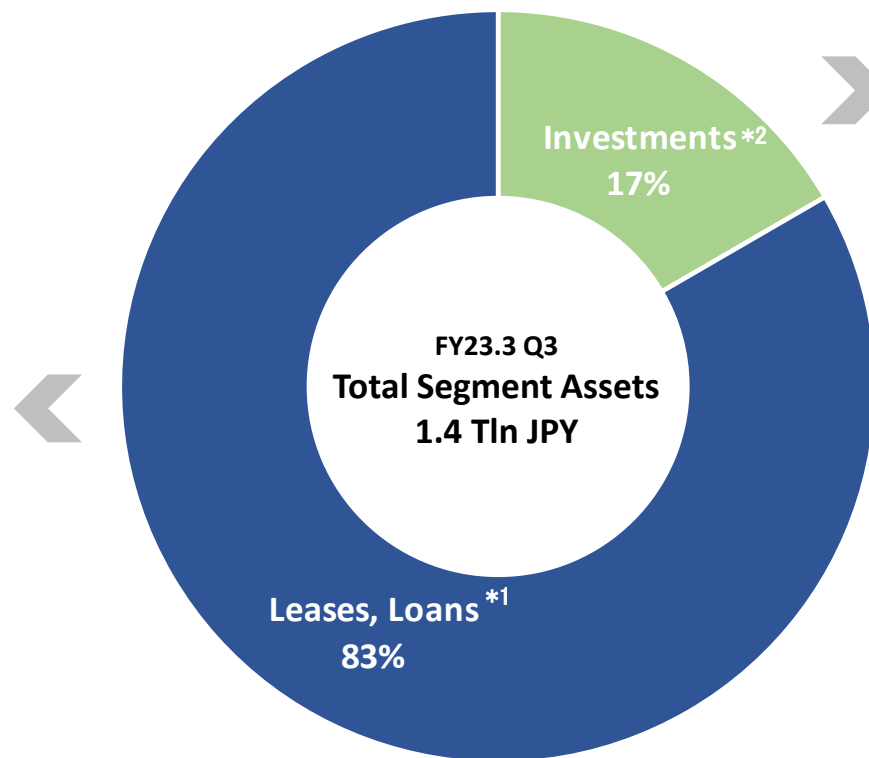
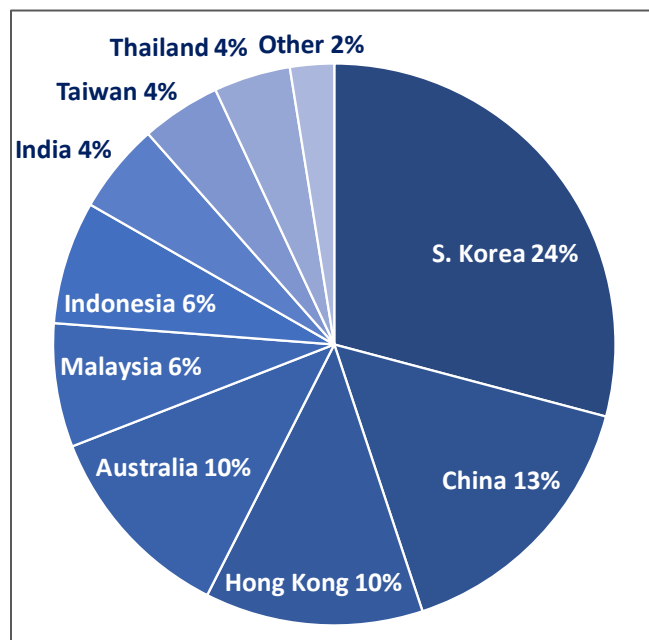




# Asia and Australia – About the Business

- ✓ Main Business: Leasing, lending, and investment businesses in Asia and Australia
- ✓ Leasing, loans: Primarily industrial equipment and auto leasing across Asia and Australia.  
Investments: PE investments mainly in Greater China and South Korea

Segment Assets by Business / Region



\*1 Net Investment in Leases, Installment Loans, Investment in Operating Leases, and other items

\*2 Investment in Securities, Investment in Affiliates, and other items (Within Investment in Affiliates, equity stakes owned by leasing-focused Group companies have been included in 'Leases, Loans', above)

# Appendix

## Strong profitability

Net income

**312.1** Bln JPY

ROE

**9.9%**



## High growth

10-year net income CAGR  
(FY13.3-FY22.3)

**12%**



## Leading renewable energy provider in Japan

Renewable energy generating capacity\*2

**3.4** GW



## Enhanced shareholder returns

DPS (FY11.3-FY22.3)

**Increased by 10X+**



## Well-balanced earnings\*1

Base profit

**73%**

Investment gains

**27%**



## Top-class investment track record

Domestic private equity investment IRR\*3

**30%**



## Financial soundness

Credit rating

**Single A or higher**



## Global network

Employees

**32,235**

Regions

**28** countries/regions



## Asset management business growth

Asset management business  
Assets under management\*4

**52** Tn JPY



\*All figures based on FY22.3 or end-FY22.3 data unless otherwise indicated.

\*1 Calculated using average for past five years (FY18.3-FY22.3).

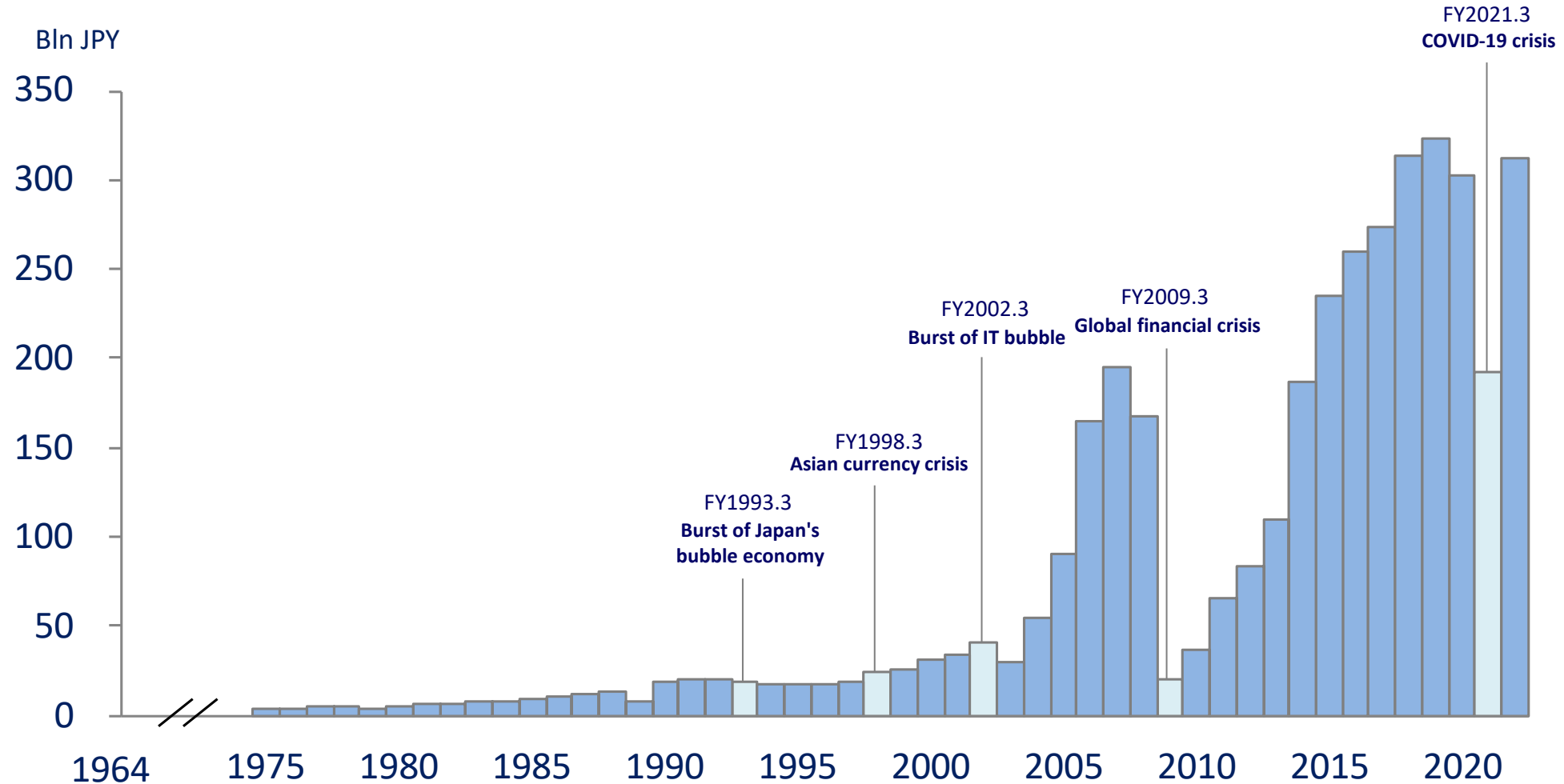
\*2 Calculated reflecting ORIX ownership ratio on a per project basis (as of end-Dec 2022).

\*3 Average for 8 exits since 2012, excludes sale of Kobayashi Kako assets at end-March 2022.

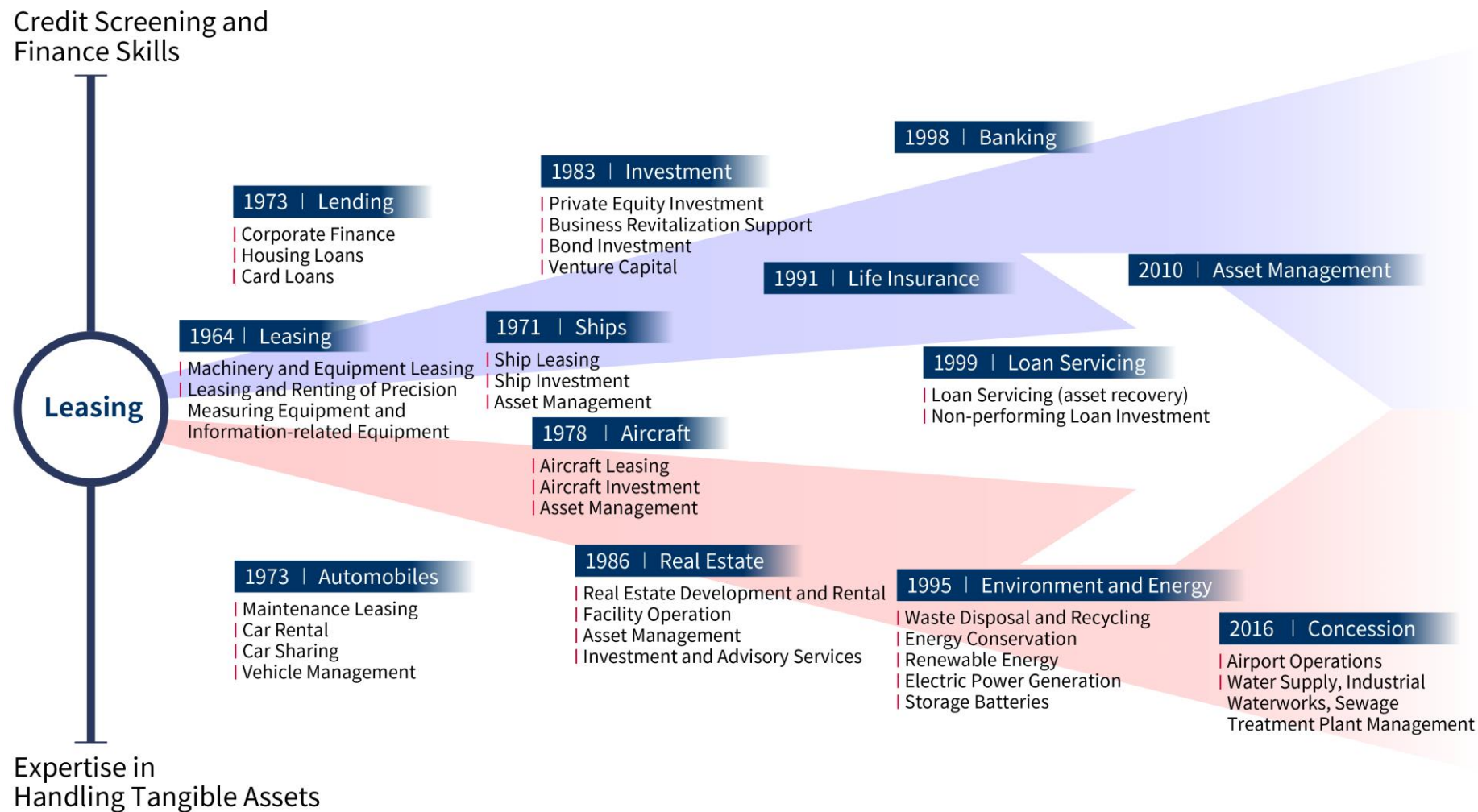
\*4 Total AUM for asset management businesses at ORIX Europe, ORIX USA, Real Estate segments (end-Dec 2022).

- ✓ Excluding founding year, ORIX has been profitable for 57 straight years

## Net Income Attributable to ORIX Corporation Shareholders



- ✓ ORIX will continue to enhance our expertise in finance and tangible assets as we synergistically expand our businesses



# FY23.3 Q1-Q3 Results and Full-Year Outlook

(From FY23.3 H1 results presentation announced in Nov 2022 with some updates)



|                     | FY23.3 Q1-Q3 Results  | Full-Year Outlook <sup>*1</sup> | FY25.3 Target <sup>*2</sup> |
|---------------------|---|---------------------------------|-----------------------------|
| Net income          | 211.4 Bln JPY   | 250.0 Bln JPY                   | 440.0 Bln JPY               |
| ROE                 | 8.6%  | 7.5%                            | 11.7%                       |
| Financial soundness | Maintained an A-rating equivalent financial base  |                                 |                             |
| Shareholder returns | <ul style="list-style-type: none"> <li>✓ Dividends: Payout ratio of 33% or previous fiscal year's dividend, whichever is higher (FY22.3 dividend was 85.6 JPY per share)</li> <li>✓ Share buybacks: To be carried out opportunistically (50.0 Bln JPY<sup>*3</sup> for FY23.3)</li> </ul> |                                 |                             |

\*1 Outlook as of November 2022. Calculated assuming FY23.3 H1 macro climate continues through H2 FY23.3.

\*2 No change from Medium-term Direction announced in May 2022.

\*3 Completed 50.0 Bln JPY buyback program as of December 15, 2022.

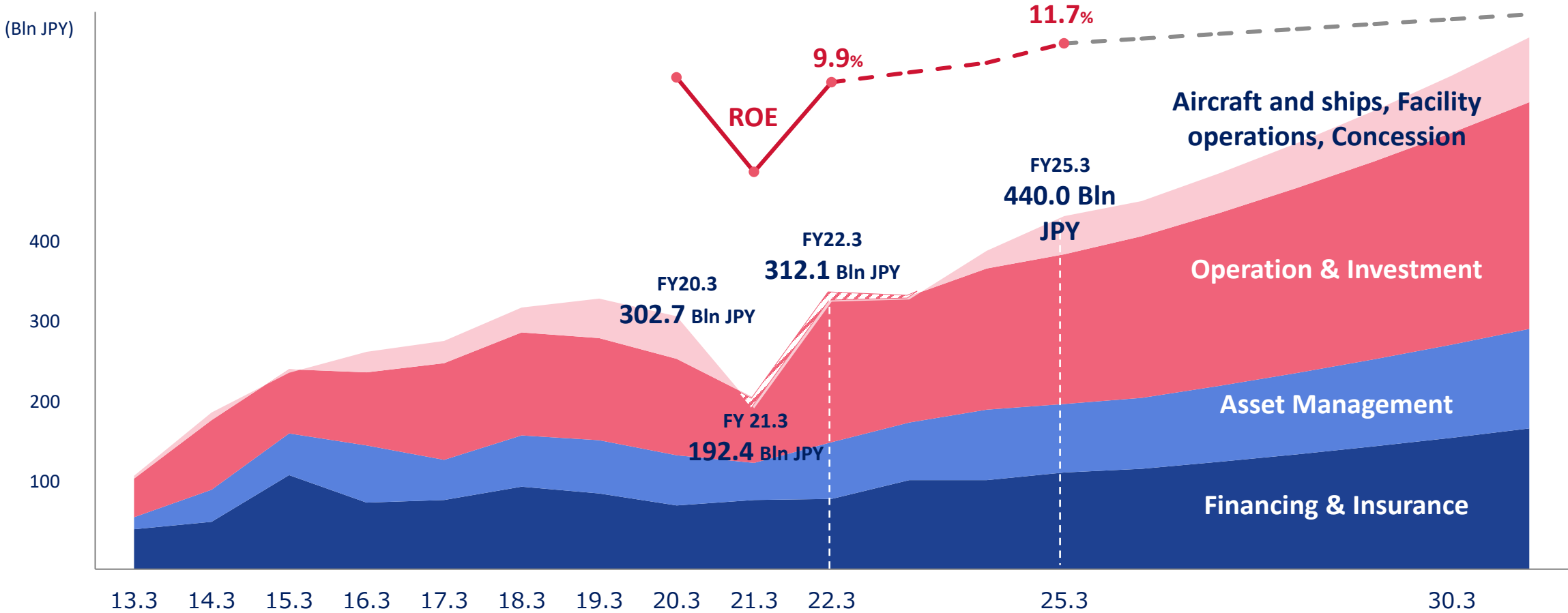
# Medium- to Long-term Growth

(From FY22.3 full-year results presentation announced in May 2022)



- ✓ Operation & Investment and Asset Management positioned as growth drivers, aim to achieve 440.0 Bln JPY in net income by FY25.3
- ✓ After FY25.3, will sustain growth into FY30.3 supported by new investments in environment and energy, overseas businesses

## Net Income: Trends & Breakdown



# Three Portfolio Categories

(Breakdown of Financing & Insurance, Asset Management, Operation and Investment)

Three Category and Segment Matrix

|         |  | Three Categories             |  |                                   |                     |
|---------|--|------------------------------|--|-----------------------------------|---------------------|
|         |  | Financing & Insurance        | Asset Management                                 | Operation & Investment            |                     |
| Segment | Corporate Financial Services and Maintenance Leasing | Corporate financial services |  | Auto, rental equipment, servicing |                     |
|         | Real Estate  |                              | Asset management                                 | Real estate investment, DAIKYO    | Facility operations |
|         | PE Investment and Concession                         |                              |  | PE investment                     | Concession          |
|         | Environment and Energy                               |                              |  | Environment and Energy            |                     |
|         | Insurance  | Life insurance               |  |                                   |                     |
|         | Banking and Credit                                   | Banking, credit              |  |                                   |                     |
|         | Aircraft and Ships                                   |                              |  | Ships                             | Aircraft            |
|         | ORIX USA   |                              | Asset management, loans, fixed-income investment | PE investment                     |                     |
|         | ORIX Europe  |                              | Asset management                                 |                                   |                     |
|         | Asia and Australia                                   | Leasing, loans               |  | PE investment                     |                     |

Minor COVID-19 impact

Major COVID-19 impact



# Breakdown of Investment Gains

## Investment Gains\*

(Bln JPY)

| Segment                      | FY18.3 | FY19.3 | FY20.3 | FY21.3 | FY22.3  |
|------------------------------|--------|--------|--------|--------|---------|
| Real Estate                  | 42.9   | ② 56.5 | ③ 53.6 | 16.9   | 21.4    |
| PE Investment and Concession | 26.9   | 0.3    | 16.4   | -0.7   | -19.1   |
| ORIX USA                     | 21.6   | 33.7   | 37.6   | 17.7   | 45.9    |
| Other                        | ① 27.6 | 2.3    | ④ 6.7  | 20.6   | ⑥ 140.8 |
| Total                        | 119.1  | 92.8   | 114.2  | 54.5   | 189.0   |

\*Investment gains figures are net of impairments. Investment gains include operating leases, gains on sales of subsidiaries and affiliates, gains on investment securities, etc.

## Major Business Sales

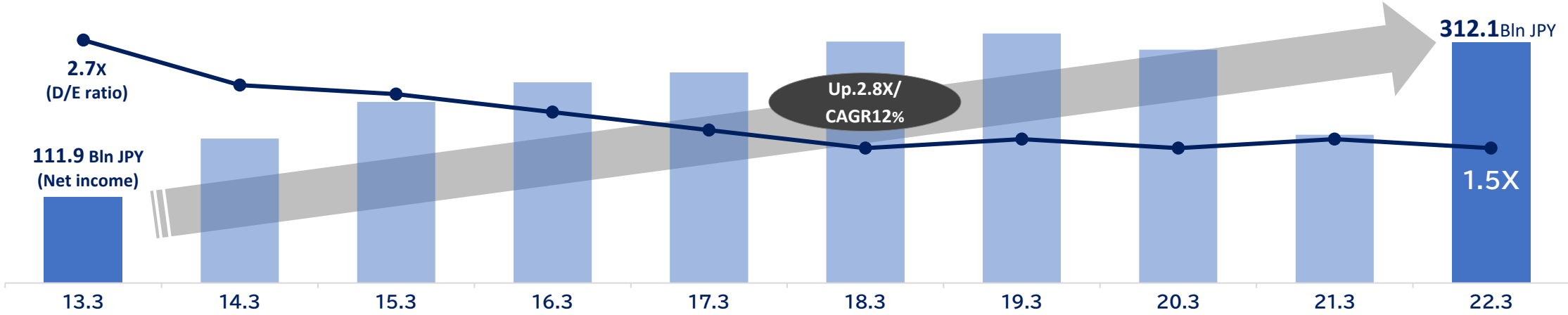
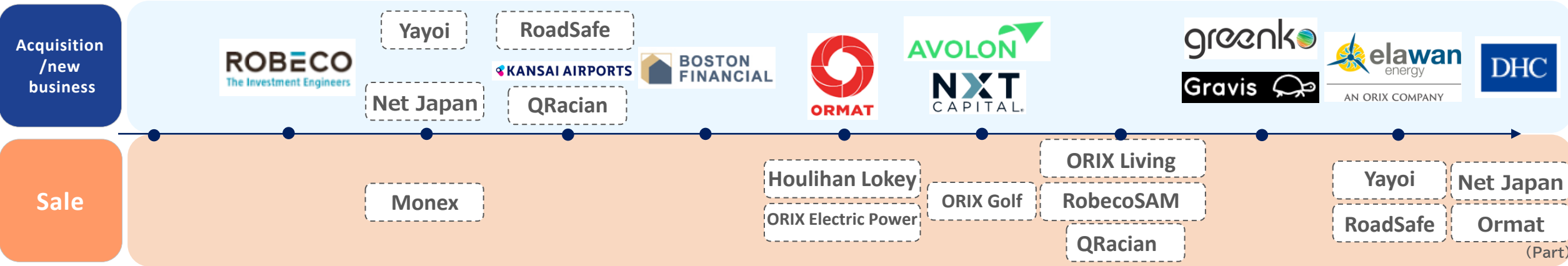
| No. | Company                          | Timing of sale         |
|-----|----------------------------------|------------------------|
| ①   | ORIX Electric Power Corporation  | FY18.3                 |
| ②   | ORIX Golf Management             | FY19.3                 |
| ③   | ORIX Living                      | FY20.3                 |
| ④   | RobecoSAM's ESG Ratings Division | FY20.3                 |
| ⑤   | Houlihan Lokey                   | FY18.3, FY19.3, FY20.3 |
| ⑥   | Yayoi                            | FY22.3                 |

# Capital Recycling - Profit Growth

(From FY23.3 H1 results presentation announced in Nov 2022 with some updates)

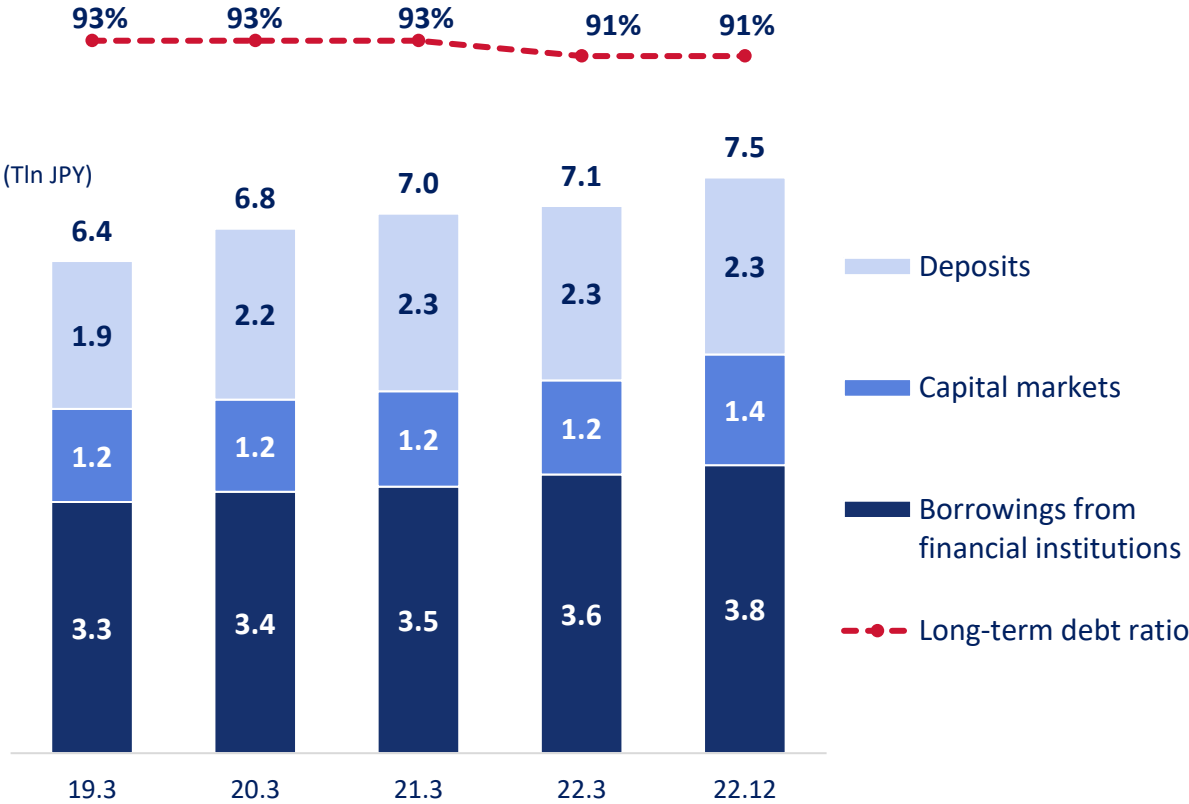


- ✓ Accelerated capital recycling model led to company-wide net income growth of 2.8X, CAGR of 12% (FY22.3 vs FY13.3)
- ✓ Also strengthened financial base, reducing D/E ratio from 2.7X to 1.5X over same period



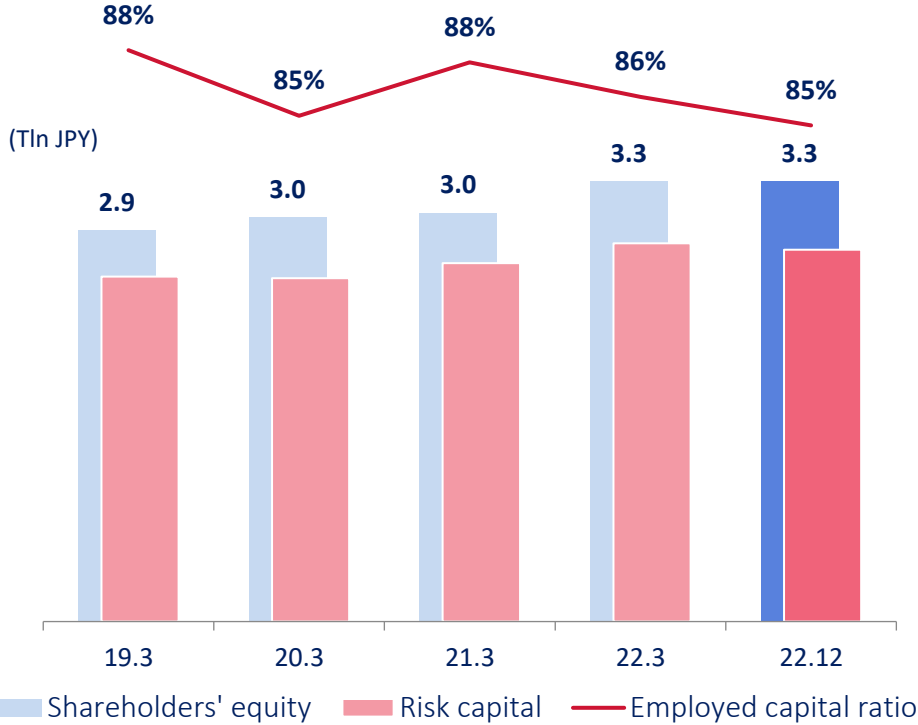
- ✓ Diversified funding methods and maintained a high long-term debt ratio

Funding Structure and Long-term Debt Ratio\*1



\*1 Excluding deposits

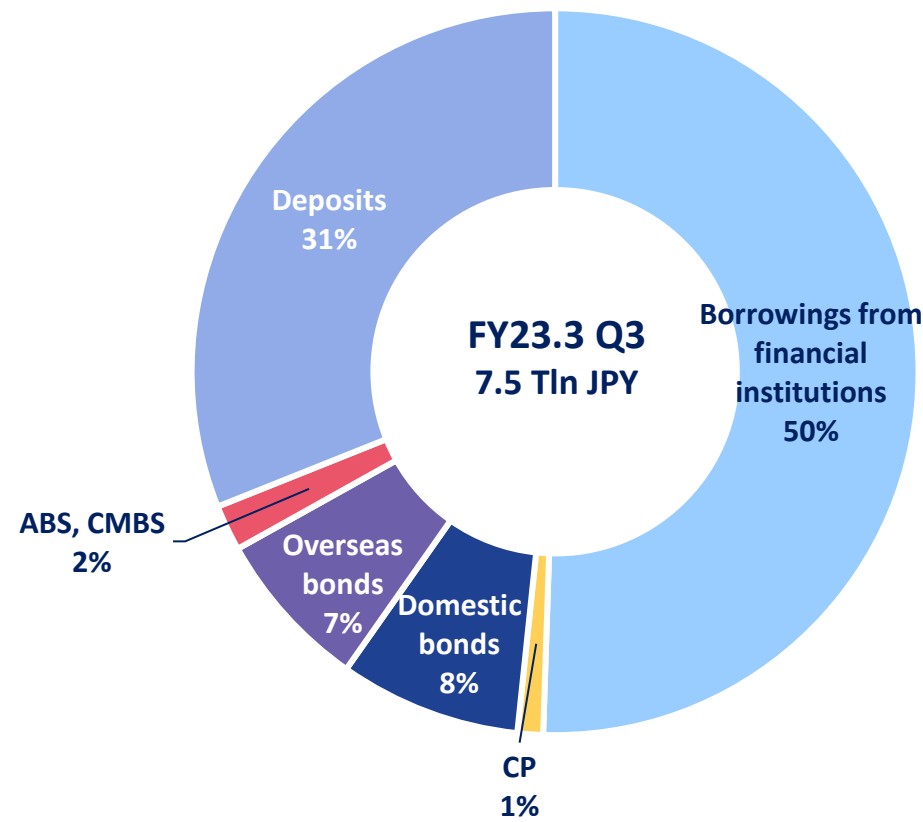
Shareholders' Equity / Employed Capital Ratio\*2



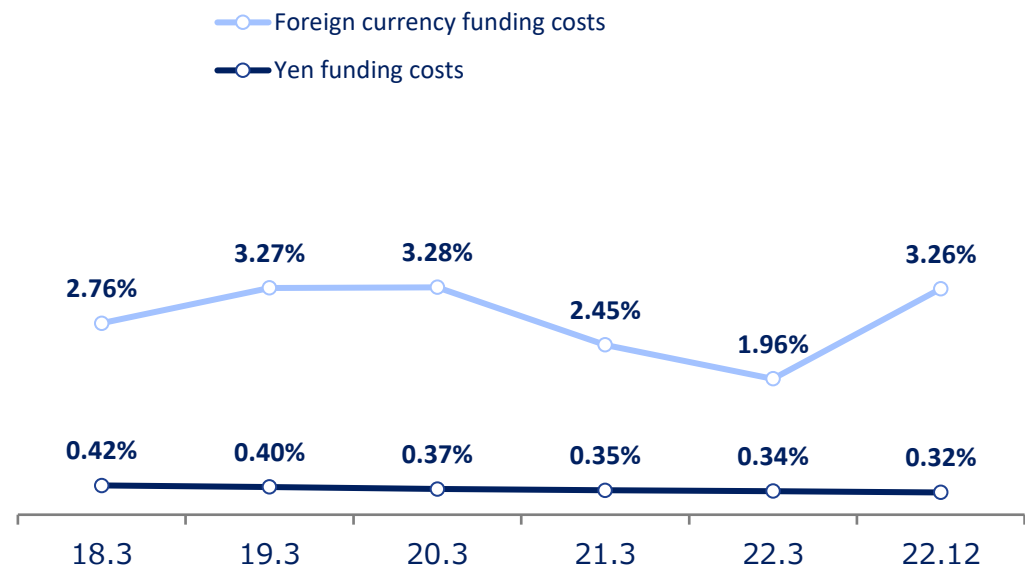
\*2 Employed capital ratio is the ratio of risk capital to shareholders' equity. ORIX calculates risk capital based on historical maximum decrease for all assets.

✓ Diversified funding. Controlled funding costs while maintaining a high long-term debt ratio

Breakdown of Funding

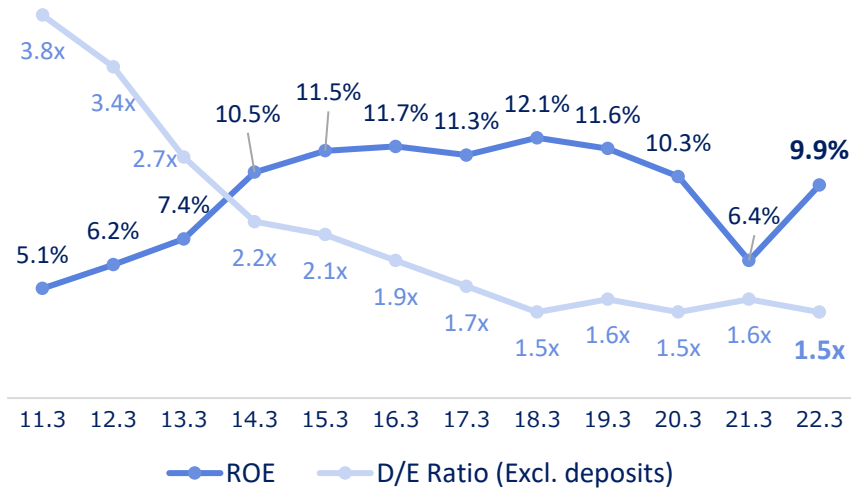


Trends in Fundings Costs





D/E Ratio • ROE



Credit Ratings

|         | End-Dec 2022              |
|---------|---------------------------|
| S&P     | A- (Stable) <sup>*1</sup> |
| Moody's | A3 (Stable)               |
| Fitch   | A- (Stable)               |
| R&I     | AA- (Stable)              |
| JCR     | AA (Stable)               |

<sup>\*1</sup> On Feb 1, 2023, S&P lowered its outlook to “Negative” while maintaining A- rating.

Interest Rate & Forex Sensitivity

Interest rates

- Japanese Yen & US Dollar = Negligible
- Euro = -2 to -3 Bln JPY

<sup>\*</sup>Sensitivity of pre-tax profits assuming a 1% increase in interest rates lasting for 12 months

Forex

- Forex sensitivity: +1.5 Bln JPY

<sup>\*</sup>Sensitivity of pre-tax profits assuming 1 JPY depreciation lasting for 12 months

- ✓ ORIX now included in all five ESG indices (for Japanese stocks) adopted by Government Pension Investment Fund (GPIF)
- ✓ ORIX's Board of Directors now has a majority of outside directors (ESG-related Key Goal 1.). Making progress towards achievement of other key goals

\*Link to **Presentation at Morgan Stanley Japan ESG Conference 2022** [here](#)

## Improved Ratings/Scores by ESG Rating Agencies

| ESG Rating Agency | Rating/Scores changes (Timing of upgrade)   |
|-------------------|---|
| MSCI              | A→ <b>AA</b> (Feb 2021)<br>"Leader among 44 diversified financial industry peers" |
| FTSE              | 2.1→ <b>3.4</b> (Dec 2022)<br>Selected as FTSE Blossom Japan Index constituent    |
| Sustainalytics    | 28.4→ <b>20.3</b> * (Oct 2022)<br>Ranked 168 out of 899 in industry               |
| DJSI              | 35→ <b>48</b> (Nov 2022)<br>Industry avg. score: 22                               |
| CDP               | D→ <b>B</b> (Dec 2022)<br>Progress in efforts to combat climate change recognized |

\* For Sustainalytics, a lower score indicates a lower risk (under 20.0 considered 'low risk.')

## ESG-related Key Goals (announced Nov 2021)

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 ending March 31, 2030.
3. **Female employees to account for over 30% of management positions at ORIX Group** by the end of the fiscal year ending March 31, 2030.
4. **Reduce ORIX Group GHG (CO<sub>2</sub>) emissions by 50%** compared to the fiscal year ended March 31, 2020 by the end of the fiscal year ending March 31, 2030.
5. ORIX Group to **achieve net zero GHG (CO<sub>2</sub>) emissions by the end of the fiscal year ending March 31, 2050.**
6. Reduce **ORIX Group's investment and credit balance in GHG (CO<sub>2</sub>) emitting industries\* by 50%** compared to the fiscal year ended March 31, 2020 by the end of the fiscal year ending March 31, 2030.
7. **ORIX Group to achieve a zero investment and credit balance in GHG (CO<sub>2</sub>) emitting industries\* by the end of the fiscal year ending March 31, 2040.**

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

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A large circular graphic on the left side of the slide, composed of a thick ring. The ring is divided into three segments: a red segment at the top, a dark blue segment on the right, and a purple segment at the bottom.

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