



# Strategies by Business

This section presents strategies in each of ORIX's businesses in light of opportunities, risks, and strengths. It also discusses our approach to sustainability.

Segments	Units	Features	Page
Corporate Financial Services and Maintenance Leasing	<b>Corporate Financial Services</b>	Sales network throughout Japan. Provides optimal solutions for corporate customers as a core platform for Group sales.	▶ Page 66
	<b>Auto</b>	One-stop provider of every kind of automobile-related service. World leader in vehicles under management.	▶ Page 67
	<b>Rentec</b>	Japan's largest equipment rental company. Provides equipment along with technology and expertise.	▶ Page 68
Real Estate	<b>RE Investment and Facilities Operation</b>	Wide range of real estate expertise. Diversified operations encompass development, investment, asset management, and facility operation.	▶ Page 69
	<b>DAIKYO</b>	Development and brokerage of real estate and building maintenance and management, with a focus on condominiums. No.1 in terms of cumulative number of condominium units supplied in Japan*1.	▶ Page 70
PE Investment and Concession	<b>PE Investment</b>	Enhancement of investee corporate value through hands-on management that leverages the Group's expertise and network.	▶ Page 71
	<b>Concession</b>	Operation of public facilities and other properties while public entities retain ownership. Kansai Airports operates three airports*2 in Kansai.	▶ Page 72
Environment and Energy	<b>Environment and Energy</b>	Development of renewable energy businesses globally. In Japan, we have built a value chain of collection and transportation of waste, intermediate waste processing, and recycling. We also operate biogas power generation facilities and landfills.	▶ Page 73
Insurance	<b>Life Insurance</b>	A lineup of products that meet needs such as death insurance and medical insurance. Highly rated by customers and external parties.	▶ Page 74
Banking and Credit	<b>Banking</b>	Decades of experience in real estate investment loans. Primarily Internet-based transactions, does not own branch or ATM network.	▶ Page 75
	<b>Credit</b>	Operations in the loan business, credit guarantee business, and mortgage banking business. Over 40 years of experience in unsecured personal loans.	▶ Page 76
Aircraft and Ships	<b>Aircraft and Ships</b>	Expertise in aircraft and ship leasing and asset management. One of the world's largest aircraft leasing companies.	▶ Page 77
ORIX USA	<b>ORIX USA</b>	Access to third-party capital in providing funding solutions to U.S. companies that encompass finance and business investment.	▶ Page 78
ORIX Europe	<b>ORIX Europe</b>	Robeco and several other brands in the asset management business. Robeco has extensive expertise in ESG investment.	▶ Page 79
Asia and Australia	<b>Asia and Australia</b>	Primarily provision of financial services to local customers in Asian countries. Expanding PE investment in Greater China and South Korea.	▶ Page 80

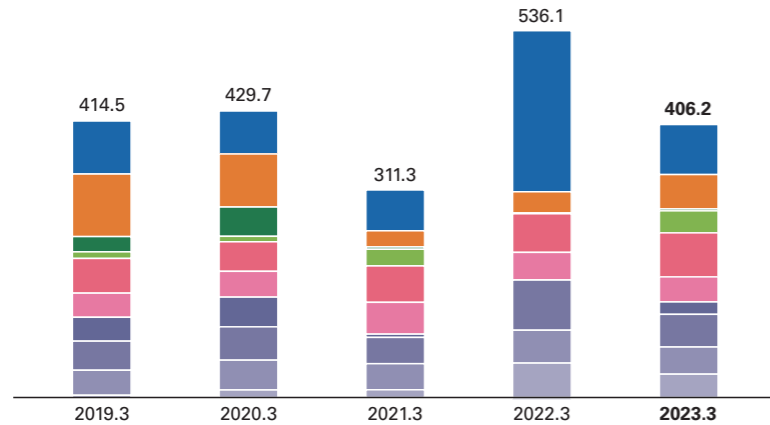
\*1 Calculated using Real Estate Economic Institute data as of December 2022.

\*2 Kansai International Airport, Osaka International Airport and Kobe Airport.

# Segment Summary (Profits, Assets, ROA and Employees)

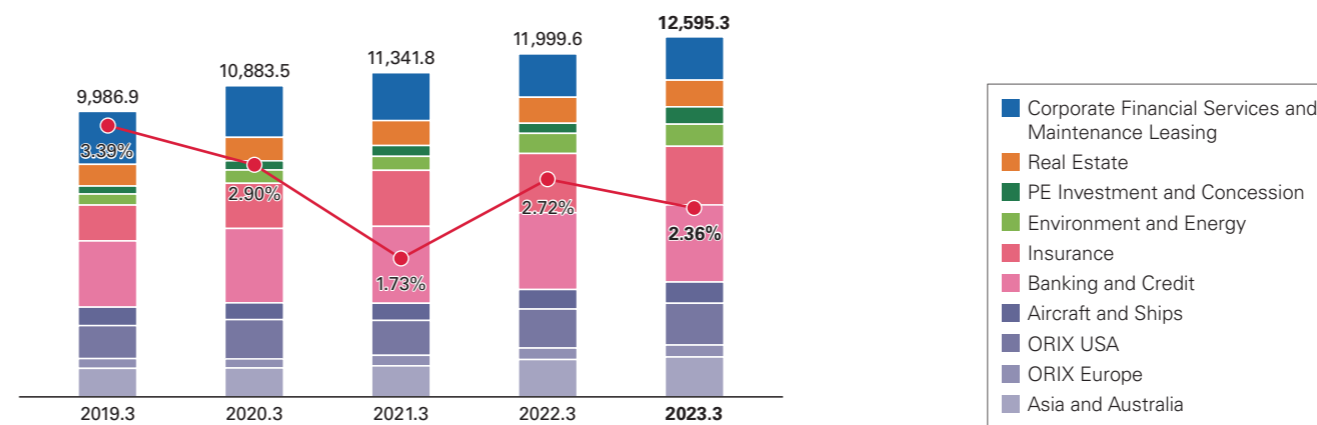
## Five-Year Summary

### Segment Profits (Billions of yen)



In the fiscal year ended March 2021, profits declined mainly in Real Estate, Concession, and Aircraft and Ships (aircraft) due to the impact of the COVID-19 pandemic. In the fiscal year ended March 2022, we recognized a gain of ¥163.0 billion on the sale of Yayoi in Corporate Financial Services. In the fiscal year ended March 2023, profits declined mainly in Insurance and ORIX USA, but post-COVID reopening and gains on sales in Real Estate and in Environment and Energy contributed to earnings. Profits increased year on year excluding the gain on sale of Yayoi in the previous fiscal year.

### Segment Assets (Billions of yen) / Return on Segment Assets (ROA) (%)

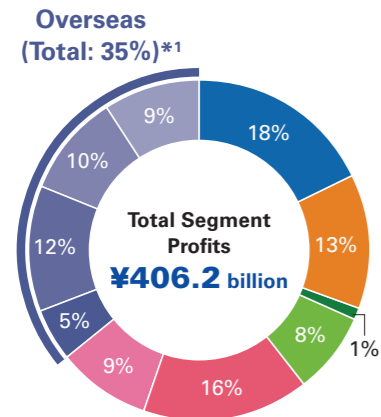


Assets at March 31, 2023 increased by ¥595.8 billion from the end of the previous fiscal year. The main factors for the increase were new investments in PE Investment and a positive exchange rate effect totaling ¥368.7 billion.

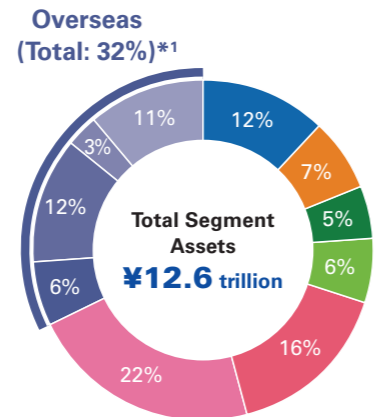


## Fiscal Year Ended March 2023

### Composition of Segment Profits

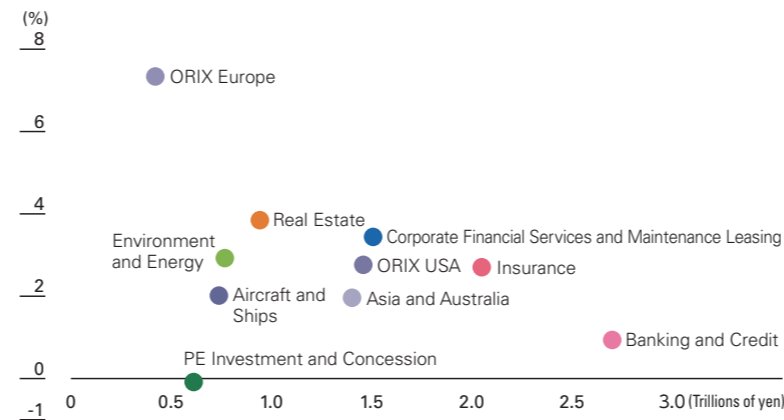


### Composition of Segment Assets



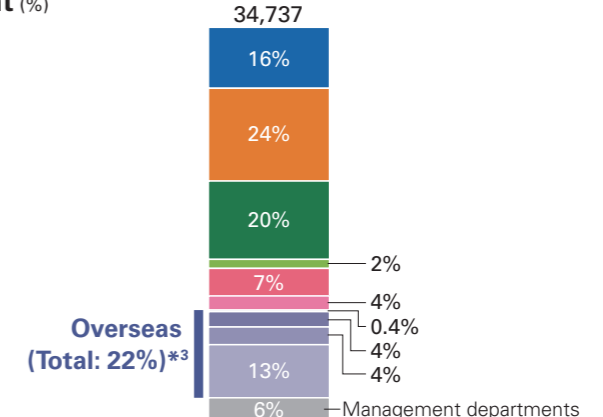
\*1 Excludes overseas results in Environment and Energy

### Segment Assets (Trillions of yen)/ROA\*2 (%)



\*2 Segment asset ROA is calculated using after-tax profits for each unit.

### Number of Employees and Employee Composition by Segment (%)



\*3 Total of four segments: Aircraft and Ships, ORIX USA, ORIX Europe, and Asia and Australia. Does not include management departments.



## Corporate Financial Services and Maintenance Leasing

# Corporate Financial Services

Business ▶ Leasing, financing, and various solutions (products and services) for small and medium-size enterprises

### Opportunities

- Expanding assets and increasing earnings from fees while maintaining profitability and credit quality
- Business succession needs among SMEs due to the lack of a successor
- Capital investment needs with the themes of DX and ESG

### Risks

- Intensifying competition for corporate lending
- Adverse impact on customer performance due to high global inflation

### Strengths

- Sales network rooted in each region of Japan
- Strong customer base built on a track record of providing financial services to SMEs

## Growth Strategy: Increase Sources of Earnings

### Review of the Fiscal Year Ended March 2023

Finance revenues benefited from solid performance in our longstanding business of lending to small and medium-sized enterprises (SMEs), and the volume of loan guarantee transactions with financial institutions increased. Services income grew steadily as we accurately identified customer needs for supplementary support for their core businesses, asset management, and business succession.

- We will grow finance revenues by developing an array of financial products that require expertise. In addition to building our asset portfolio with non-recourse real estate loans and other forms of structured finance, we will enhance our market presence by providing the financing that our customers need to address environmental change, including carbon neutrality and support for a shift to digital technology.
- We will grow services income by gaining a multifaceted understanding of the various issues our customers face to propose comprehensive services that address them. We are a single source for a wide range of services to address an array of issues encompassing supplementary support for our customers' core businesses, asset management and business succession. Examples include the power purchase agreement (PPA) model for third-party ownership of solar power generation systems, real estate brokerage, M&A intermediation, and life insurance sales.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

## Approach to Sustainability

### Fiscal Year Ended March 2023 in Review

We focused on decarbonization support, business succession support, and the preventive healthcare business. Decarbonization support featured solid PPA model and solar panel sales. Our M&A intermediation services for business succession support are fully developed, and we have frameworks in place to resolve various business succession issues. In the preventive healthcare business, we opened a new members-only medical club in Tokyo to support health management among SMEs.

As a core platform for Group sales, we will create new ESG-related services that meet customer needs. We will also fully deploy our network in Japan in initiatives to resolve social issues.

- We support business succession among SMEs and help local economies develop and maintain and create employment. We also continue to strengthen our framework for being a single source for services including M&A intermediation, real estate brokerage, share transfer, and inheritance tax minimization.
- We help customers decarbonize by providing environmentally responsible power supply services represented by the PPA model.
- Our preventive healthcare business helps to extend healthy life expectancy, reduce medical expenses, and protect the ongoing integrity of Japan's medical insurance system. We support health management at SMEs with a focus on preventive healthcare services provided at newly established medical examination centers.
- We invest in DX and ESG-related startups with the goal of creating new services by supporting growth and collaboration.



PATPOST is a service that uses proprietary AI-OCR technology to convert text in images into text data and store documents in the cloud. The system can also automatically convert information such as business partner records into digital data simply by uploading various business documents such as invoices. With monthly fees starting at ¥980 per ID, PATPOST offers corporate customers broad-based support in digitalizing and using data, and enables easy sorting and storage of documents in compliance with the revised Electronic Books Preservation Act, which will go into effect in January 2024.



Consolidated subsidiary CMC Corporation operates a members-only medical service that provides SME founders and management professionals with aging-related health management, including complete medical examinations using high-precision diagnostic equipment. Established in March 2023, Central Medical Club Setagaya has partnered with a clinic equipped with advanced diagnostic imaging equipment such as PET-CT and MRI to provide examinations related to the three major diseases of cancer, heart disease, and cerebrovascular disease. In addition, CMC offers health support for SME management through services that include daily health consultations.



## Corporate Financial Services and Maintenance Leasing Auto

Business ▶ Leasing and rental of automobiles, car sharing, purchase and sales of used automobiles

### Opportunities

- Growth in mobility services, including the car rental and car sharing markets, as the sharing economy and MaaS become more prevalent
- Electric vehicle needs

### Risks

- Decreases in revenue from existing businesses and services and lower residual value of vehicles due to structural changes in the automobile industry

### Strengths

- Diverse service menu that enables us to provide comprehensive and tailored service recommendations
- Global leader in terms of vehicles under management and volume of vehicle data

## Growth Strategy: Offer Convenience and Address Electric Vehicle (EV) Needs

### Fiscal Year Ended March 2023 in Review

We concluded a business alliance with Ubiden, Inc. to expand the use of electric vehicle (EV) charging services among corporations. In addition to proposing vehicle procurement using rentals and leasing and the installation of EV charging facilities, we also provided single-source integrated management that included vehicle maintenance and analysis of charging usage after installation.

- We will continue to grow with emphasis on expanding our customer base and strengthening profitability. We will address changes in the business environment and customer needs by adding new services related to vehicle management, EVs, and car sharing to enhance our revenue streams. In addition, we aim to further expand our customer base by strengthening our framework for being a single source of customer services.
- In leasing, we will consider adding new services to meet new demands for a decarbonized society, compliance with laws and regulations, and work style reform. In addition, we will establish a new value chain that encompasses the migration to EVs, charging services, and the reuse and recycling of used vehicles and batteries to accommodate the growing prevalence of EVs.
- In the rental car business, we aim to be the rental car company of choice by enhancing safety and security, contributing to decarbonization, and utilizing digital technology.
- In car sharing, we will develop new stations, acquire new members, and improve services, while considering the development of new sharing services.

## Approach to Sustainability

### Fiscal Year Ended March 2023 in Review

We proposed transition to EVs to customers in partnership with Ubiden. Service offerings capable of calculating customer CO<sub>2</sub> emissions using data such as refueling have now reached a systematic level of development. The percentage of rental car outlets that have adopted green power consumption increased to 20%.

We will continue to provide services that help reduce both environmental impact and traffic accidents. We will also promote and accelerate decarbonization in our own facilities and businesses.

- We will create an environment that facilitates the transition to EVs for customers, which will support expansion in vehicles under management.
- We will monitor the migration rate to next-generation HVs\*<sup>1</sup>, EVs, and FCVs\*<sup>2</sup> in the leasing, rental car, and car sharing businesses, with the goal of increasing this rate by proactively proposing relevant vehicles.
- We will gradually transition ORIX-owned vehicles to EVs and increase the ratio of next-generation vehicles to directly managed rental cars and car-sharing vehicles.
- We will develop vehicle management reports using vehicle operation data and provide them as information services relevant to environment responsibility and safe driving.
- Initiatives to reduce CO<sub>2</sub> emissions will include using more green electricity at rental car outlets.

\*1 Hybrid vehicles \*2 Fuel cell vehicles

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.



Introducing EVs in and of itself is not effectively carbon-free. ORIX Auto aims to create a system that can support customers in all phases of the automobile lifecycle. Our capabilities range from vehicle migration support that provides the required next-generation vehicles from a wide lineup, development of sufficient charging infrastructure, energy management for electric power usage, and support for the transition to renewable energy, to sales of used vehicles and repurposing of used batteries.



Our initiatives to support customers include a capital and business alliance with Ubiden, which operates the WeCharge EV charging service. WeCharge supports all EVs and plug-in hybrid vehicles, and allows users to complete everything from usage through payment with an app. ORIX Auto provides all customers who are considering the transition to EVs with one-stop service, from the installation of EV charging facilities to subsequent charger use analysis, and also supports efficient EV management operations. We will continue to help customers resolve issues through such business alliances.



## Corporate Financial Services and Maintenance Leasing

# Rentec

Business ▶ Rental and leasing of electronic measurement instruments and ICT-related equipment

### Opportunities

- Creating new business through collaboration utilizing our customer base
- Accelerating use of technology to cope with labor shortages, reform work styles, and implement security measures
- Strong levels of corporate capital investment with a focus on digital technology

### Risks

- Reduced need for hardware due to equipment downsizing and technological innovation
- Soaring costs due to price increases

### Strengths

- Wide range of rental products and vendors
- Technical ability to maintain and manage the quality of rental equipment
- Logistics service enabling next-day delivery
- Broad customer network that includes large manufacturers

## Growth Strategy: Become a Sharing Service Platform

### Fiscal Year Ended March 2023 in Review

We opened our third technology center in Japan in Sagami-hara City, Kanagawa Prefecture, and significantly increased storage and maintenance capacity to meet brisk demand for digital equipment and the need to flexibly deploy PCs according to the flow of human resources.

- We intend to expand the number of ICT rental users by enhancing our subscription model and increasing replacement flexibility. In addition, we will encourage rental use among medium-sized companies through collaboration with PC vendors, system integrators\*1, and distributors.
- In the measuring instrument market, we will strengthen relationships with communication equipment manufacturers and respond to demand related to research and development of next-generation standards (Beyond 5G) in the field of communication.
- In the 3D printer business, we will complement subscription 3D printing by promoting DX among customers with the 3D-FABs modeling simulation for 3D printing.
- We will consider developing platform services that leverage our customer base, such as providing a community that connects manufacturers, vendors and users; business matching among users and vendors; and consulting services and data sales businesses that utilize customer data.

\*1 A system integrator is a service provider that undertakes system development and operation on behalf of clients.

## Approach to Sustainability

### Fiscal Year Ended March 2023 in Review

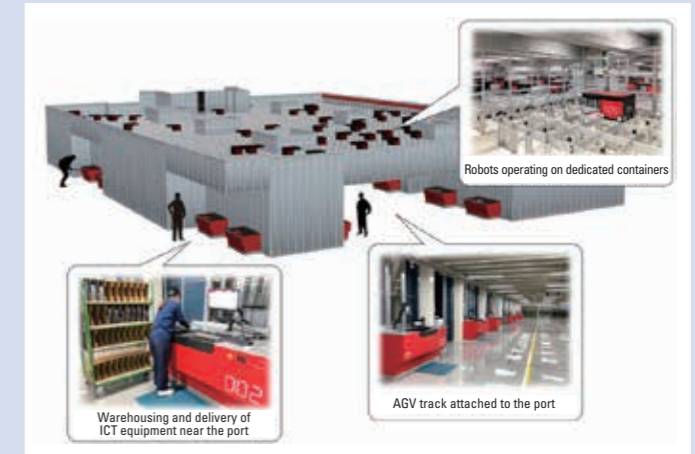
In addition to cloud services for visualizing CO<sub>2</sub> emissions, we have begun developing and providing products and services that promote the circular economy, climate change mitigation, and technological innovation. These include measuring instruments for wind power generation companies and fuel cell development equipment.

We contribute to customer sustainability by providing technical knowledge and rental capabilities.

- We will continue to develop products and services that promote a circular economy, climate change mitigation, and technological innovation. We will also consider linking our cloud service for visualizing CO<sub>2</sub> emissions with reduction solutions inside and outside ORIX Group. In addition, we will consider promoting the introduction of rental equipment used in new technology research and development projects for GX\*2.
- We will formulate procurement policies that effectively incorporate ESG perspectives.

\*2 Green Transformation (GX): Innovations for using clean energy while minimizing the use of fossil fuels, and measures to carry them out.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.



The Sagami-hara Technology Center opened in April 2023. This technical center specializing in the storage and operation of ICT equipment is located in GLP ALFALINK Sagami-hara, one of Japan's largest cutting-edge logistics centers with total floor space of more than 670,000m<sup>2</sup>. Its Autostore high-density robotic storage system features world-class storage efficiency and its automatic guided vehicles (AGVs) give this center about twice the processing capacity of the Tokyo Technology Center.



We launched 3D-FABs in May 2023 as a service that automates 3D printing simulations. Once the customer uploads 3D CAD data and specifies conditions, this simulation tool automatically responds using AI to judge whether printing is possible, provides advice if printing is not possible, and estimates fees. This service quickly provides conclusions, which helps customers realize their ideas and shortens development lead time.



Real Estate

## RE Investment and Facilities Operation

Business ▶ Development and rental of office buildings, commercial facilities, logistics centers, and other properties; operation of businesses such as inns, hotels, and aquariums, in addition to asset management

### Opportunities

- Rebound in demand for lodging as the COVID-19 pandemic subsides
- Logistics facility needs due to expansion of the e-commerce market
- Active real estate brokerage market due to the growing inflow of funds into investment

### Risks

- Personnel shortages at operating facilities and rising energy and personnel costs
- Real estate investment market contraction due to the declining population in Japan
- Rising construction and equipment costs

### Strengths

- Extensive expertise in the real estate business
- Information volume and proposal capabilities that fully leverage the Group's network

## Growth Strategy: Full Use of ORIX Group's Network

### Fiscal Year Ended March 2023 in Review

In the development and rental business, we invest in logistics facilities and rental condominiums, and sell them for asset turnover. The facility operation business is now returning to normal following the COVID-19 pandemic. Demand in Japan has recovered first, and inbound tourism has been recovering since immigration restrictions eased in October 2022. Assets under management are steadily increasing in the asset management business, which generates stable earnings.

- In the development and rental business, we dynamically invest in logistics facilities and rental condominiums that are in high demand. In particular, we have continued to develop logistics facilities, mainly in the Tokyo metropolitan area, and had a pipeline of more than ¥100 billion as of March 31, 2023. Our fundamental business involves the cycle of development, leasing, and sale, and we are also considering mid- to long-term holdings in the future.
- In the facility operation business, we will invest in high-quality projects that we can differentiate based on their location, our experience, and other factors. We will improve brand recognition and strengthen our ability to attract customers while enhancing our customer base. We will further promote community co-creation initiatives with the goal of adding value to facilities.
- In the asset management business, we will strive to increase assets under management.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

## Approach to Sustainability

### Fiscal Year Ended March 2023 in Review

We are upgrading to energy-saving equipment and increasing our use of renewable energy as part of our plan to reduce CO<sub>2</sub> emissions from portfolio properties in line with ORIX Group's carbon-neutral goal. In the facility operation business, we have completed the removal of specified single-use plastic products\*<sup>1</sup>, completed the switch from PET bottles to aluminum cans for drinking water provided in guest rooms\*<sup>2</sup>, and achieved food waste and loss reduction targets of 10% for the buffet format and 3% for the course format\*<sup>3</sup>.

\*1 Completed at all 18 operating facilities. \*2 Completed at 17 facilities.  
\*3 Achieved at all 14 hotel facilities.

We do business with a policy that prioritizes safety, security, and comfort as we decarbonize in consideration of the environment and coexist with communities. We provide products and services with sustainability in mind to help achieve a sustainable society.

- We place importance on obtaining explicit third-party certification of the environmental performance, safety, and security of newly developed properties. We are also upgrading to energy-saving equipment and increasing our use of renewable energy as part of our plan to reduce CO<sub>2</sub> emissions from portfolio properties.
- Our facility operation business provides environmentally friendly furnishings and is committed to reducing food waste and loss. We use locally sourced food and ingredients, hire local people, and collaborate with tourism-related organizations and local companies in initiatives to promote the appeal of the areas we serve. Our inns and hotels prioritize the safety and security of guests and meticulously ensure consistently excellent hygiene.



Organic vegetables grown with recycled compost

Beppu SUGINOI HOTEL in Beppu City, Oita Prefecture opened a second new guest room building called Sora Kan in January 2023. This property acquired the highest CASBEE\*<sup>4</sup> building assessment certification rank of S and ZEB Oriented\*<sup>5</sup> due in part to its deployment of energy-saving equipment and its effective use of geothermal energy\*<sup>6</sup>. This hotel has also structured its Food Recycling Project, which uses inedible items from the buffet cooking process, customer leftovers and other food waste to make compost for growing its own organic vegetables to serve at its restaurants. This approach reduces and recycles food waste in cooperation with the community.

\*4 A system that comprehensively evaluates the quality of buildings, including environmental friendliness such as energy conservation and use of materials and equipment with low environmental impact, as well as indoor comfort and consideration for the landscape.

\*5 A certification system for buildings with a total floor area of 10,000 square meters or above, in which measures are taken to achieve further energy conservation in addition to the use of high-performance building envelopes and high-efficiency energy-saving facilities.

\*6 The geothermal power plant is currently undergoing renovation and is scheduled to come online in October 2024.



We have commenced the development of the Atsugi III Logistics Center, a large multi-tenant logistics facility in Aiko-gun, Kanagawa Prefecture. The facility will cover a vast area of 183,354.15m<sup>2</sup>, making it the largest property owned by ORIX Real Estate. Furthermore, solar panels on the roof will supply renewable energy to power the entire facility. The facility has obtained ZEB\*<sup>7</sup> certification, which means that its annual primary energy consumption is effectively zero.

\*7 Buildings in which primary energy consumption is reduced by 50% or more from the baseline by introducing highly efficient equipment systems, etc., and in which primary energy consumption including the amount of energy from renewable energy sources is reduced by 100% or more.



Business ▶ Development and brokerage of real estate and building maintenance and management, with a focus on condominiums

### Opportunities

- Need to renovate or rebuild aging condominiums, including large-scale redevelopment projects
- More business opportunities from leveraging the Group network

### Risks

- Rising land prices due to intensifying competition for site acquisitions
- Rising construction and equipment costs

### Strengths

- Development expertise and brand recognition of THE LIONS and SURPASS condominiums
- Stable revenues from building management, rental management, sales brokerage, repair work, remodeling, etc. originating from the condominium business

## Growth Strategy: Strengthen Each Business and Promote Digital Transformation (DX) for Business Innovation and Improved Efficiency

### Fiscal Year Ended March 2023 in Review

The real estate development business benefitted from solid demand. Sales remained strong as the prices of new condominiums rose. In April 2023, DAIKYO announced THE LIONS rebranding. The real estate management business strengthened its management system while keeping the number of facilities under management constant. In the real estate brokerage business, transaction unit prices increased due to rising prices for pre-owned condominiums and greater premium property transaction volume.

- The real estate development business will exercise discipline in purchasing select properties in prime urban locations for the condominium business, complemented by initiatives to deliver value that empowers rebranding. We will also proactively participate in redevelopment projects.
- In the real estate management business, we will increase the number of facilities we manage under contract and expand orders for repair work while adding options and orders for ancillary work from those facilities. In addition, we will promote business innovation and improved efficiency through DX.
- In the real estate brokerage business, we will improve profitability by handling a greater number of premium properties when brokering purchase and resale and retail transactions.

## Approach to Sustainability

### Fiscal Year Ended March 2023 in Review

We are developing condominiums that are ZEH-M Oriented\*<sup>1</sup>. The Ministry of the Environment selected three of our projects for its fiscal 2022 Mid- and High-Rise ZEH-M Support Project. We also decided to install EV charging outlets as a standard specification for the parking lots of the condominiums we will develop in the future. All condominium showrooms\*<sup>2</sup> of DAIKYO and ANABUKI CONSTRUCTION effectively switched over to renewable energy. The head offices of DAIKYO and ANABUKI CONSTRUCTION and the Kyoto head office of ORIX Facilities effectively switched over to renewable energy.

\*<sup>1</sup> Net zero energy house. Refers to housing that aims to keep the balance of annual energy consumption to zero or less by conserving energy with outstanding thermal insulation performance and the use of highly efficient facilities, and by creating energy with solar power generation. ZEH-M Oriented refers to condominiums that reduce primary energy consumption by 20% or more from the baseline value.

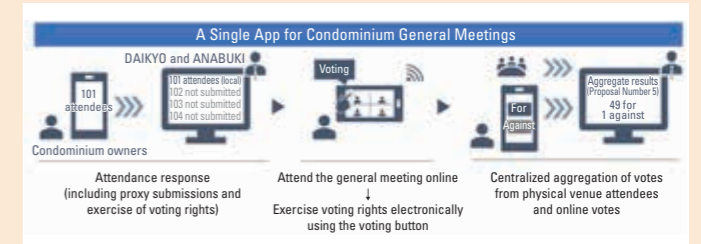
\*<sup>2</sup> Excludes condominium showrooms in pre-existing buildings and joint venture projects for which neither DAIKYO nor ANABUKI CONSTRUCTION is the electricity supply and demand contractor.

We do business with a policy that prioritizes safety, security, and comfort as we decarbonize in consideration of the environment and coexist with communities.

We provide products and services with sustainability in mind to help achieve a sustainable society.

- We will use ZEH-M Oriented specifications in developing condominiums as the basis for reducing the energy consumption of properties.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.



A service for condominium residents, POCKET HOME is the industry's first\*<sup>3</sup> support system for the general meetings of condominium management associations. In addition to condominium online conference functions for general meetings, a total of six functions are available including AI-based home assessment, inquiries via LINE, FAQ, applications for various procedures, and notices. We provide the app free of charge to about 540,000 condominium units nationwide that DAIKYO ASTAGE and ANABUKI COMMUNITY manage.

\*<sup>3</sup> Survey by DAIKYO ASTAGE and ANABUKI COMMUNITY



Lions Senbayashi Omiya Residence (Osaka City, Osaka Prefecture) is the first condominium in Kansai\*<sup>4</sup> to be certified as High-Rise ZEH-M Ready\*<sup>5</sup>. Solar power generation complements high-performance thermal insulation and high-efficiency equipment to reduce primary energy consumption for the entire residential building by 56%.

\*<sup>4</sup> Survey by DAIKYO.

\*<sup>5</sup> Condominiums that meet requirements such as reinforced exterior insulation standards and reduction of primary energy consumption, including renewable energy, by 50% to 75%.



PE Investment and Concession

## PE Investment

Business ▶ Private equity investment

### Opportunities

- Business succession needs and an increase in carve-outs, privatization, and other deals involving listed companies
- Increasing investment opportunities due to significant changes in industry structure from digitalization, and accelerating industry reorganization

### Risks

- Exits at lower prices than expected and other issues resulting from the emergence of risks and investee underperformance because of poor due diligence
- Soaring acquisition prices due to the competitive environment

### Strengths

- Ability to add value with a hands-on approach that enhances management and administration systems and leverages synergies with ORIX Group's sales network and products
- Flexibility about deal flow because ORIX invests its own capital

## Growth Strategy: Expansion in Focus Industries and Synergy with Existing Businesses

### Fiscal Year Ended March 2023 in Review

We exited from NET JAPAN Co., Ltd., a major precious metal recycling company acquired in 2014, and invested in HEXEL Works, Inc., a comprehensive electrical equipment construction business for housing complexes, and DHC, a major cosmetics and health food manufacturer. We are also considering investment in Toshiba, led by Japan Industrial Partners, Inc.

- Key industries for our increased investment focus include healthcare, business process outsourcing, IT and information services, as well as logistics and rental sectors. These markets are highly compatible with existing ORIX Group businesses, driving synergies, so ORIX will collaborate with its investees with the goal of mutual success. We will also proactively promote investee roll-ups to expand market share and add value to the services we provide.
- While our focus has been on small and medium-size business succession projects with an enterprise value of ¥50 billion or less, we will also focus on doing carve-outs and privatization deals involving listed companies, aiming to increase the enterprise value of these projects to ¥50 billion or more.
- Recycle capital by systematically replacing existing assets with superior assets.

## Approach to Sustainability

### Fiscal Year Ended March 2023 in Review

Initiatives to reduce CO<sub>2</sub> emissions among investees included updating aging equipment, improving air conditioning energy efficiency, and switching to low CO<sub>2</sub> emission power plans.

We are committed to management for sustainability among investees as a means to improve corporate value.

- We recognize the importance of reducing CO<sub>2</sub> emissions among investees, and engage in collaboration by jointly devising relevant initiatives such as replacing equipment and switching to renewable energy.
- Enhancing compliance and governance among investees is a priority. We emphasize optimized labor management and thoroughgoing fraud prevention and safety management.
- We focus investment on industries that contribute to resolving social issues. Our goal is to contribute to the SDGs through the businesses in which we invest.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

**HCNET**

(Left)  
Shinichi Oe  
Representative Director  
and President

(Right)  
Yoshimasa Akutsu  
Director  
(Senior Vice President,  
Business Development  
and Investment Group,  
Investment and  
Operation Headquarters,  
ORIX Corporation)

**Account Adapter**

HC Networks, Ltd. (HCNET) is a network integrator that provides synergistic services such as network design, construction, and maintenance. After investing in 2020, ORIX leveraged the Group's competencies in a broad array of businesses to provide HCNET with new growth opportunities, such as requests for system reform project proposals, joint development of new services, and the acquisition of subsidiaries to expand its service lineup. The IT industry is a focus theme in our PE investment business, with the aim of integrating technology and practical application expertise.



(Left)  
Shigeo Takatani  
Chairman and CEO

(Center)  
Midori Miyazaki  
President and COO

(Right)  
Hiroyuki Odaka  
Executive Vice President  
(Director, Business  
Development and  
Investment Group,  
Investment and  
Operation Headquarters,  
ORIX Corporation)



Addressing business succession needs, ORIX acquired all shares of DHC, a major cosmetics and health food manufacturer, from its founders. DHC has both beauty and health businesses that contribute to wellness and has exceptional brand recognition in Japan. We will support further growth by transitioning to a new system while reforming the organization and mindset from top-down to bottom-up management; formulating and executing business strategies that include international initiatives; and leveraging synergies with other healthcare investments.





## PE Investment and Concession Concession

Business ▶ Operation of airports and water businesses

### Opportunities

- A potentially large market in Japan for renewal and maintenance of aging infrastructure
- Infrastructure projects around the world

### Risks

- Intensifying competition in domestic concession projects
- Change in policies regarding concession promotion and change in laws and regulations
- Negative effects such as decreased number of passengers due to infectious diseases

### Strengths

- Extensive expertise and experience in business operation
- Solid network of relationships with leading companies in and outside Japan

## Growth Strategy: Develop Markets with a Mid- to Long-Term Perspective

### Fiscal Year Ended March 2023 in Review

Kansai Airports has maintained relationships with airlines and improved the flight service environment to steadily benefit from the recovery in demand for international flights as Japan relaxes the border controls that were in place to counter COVID-19. A new domestic flight area is now in operation as the first stage of a large-scale renovation of the Kansai International Airport Terminal 1 building to improve the customer experience and expand capacity.

In the water supply and sewage market, K.K. Mizumusubi Management Miyagi began operating in April 2022 as the operating rights holder of the Miyagi Prefecture Integrated Water Supply, Industrial Waterworks, and Sewerage Public-Private Partnership Management Project.

In a new concession, we participated in Kawasaki City's Todoroki Ryokuchi Park Redevelopment, Operation, Etc. Project.

- Existing concession projects: Kansai Airports will focus on renovations and digital transformation (DX) at Kansai International Airport in preparation for the recovery of international flights and the Osaka Kansai Expo. Initiatives at a wastewater treatment plant in Hamamatsu City, Shizuoka Prefecture and water businesses in Miyagi Prefecture will focus on addressing rising energy costs. In our project for redevelopment and operation of Todoroki Ryokuchi Park, our focus is on building an operating system.
- New concessions: We will continue to follow up on the many potential concessions that are available and work toward commercialization based on our expertise from participating in numerous bids and good relationships with partner companies in Japan and overseas.
- We will consider acquiring companies that have the expertise necessary to operate infrastructure.

## Approach to Sustainability

### Fiscal Year Ended March 2023 in Review

Kansai Airports implemented measures to reduce greenhouse gas emissions, such as using renewable energy and hydrogen, reducing energy use for air conditioning and lighting equipment, and introducing environmentally responsible vehicles. At water supply and sewage concessions in Hamamatsu City and Miyagi Prefecture, we are reducing energy consumption and chemical use through intelligent maintenance and management and KPI-based management to reduce environmental load.

- In April 2023, Kansai Airports launched a new environmental plan, [Environmental Vision 2050 and Environmental Goals 2030](#). The new plan encompasses greenhouse gas emission reduction, resource recycling, environmental monitoring, and biodiversity. We have set specific goals for 2030 as milestones for achieving our long-term vision and goals, centered on decarbonization, circular economy, and environmental symbiosis.
- At water supply and sewage concessions in Hamamatsu City and Miyagi Prefecture, ORIX is proactively involved in building a circular economy and sustainable local communities. We are committed to preserving water quality, preventing air pollution, controlling odors, conserving energy, reducing and recycling sludge, and contributing to a society that reuses and recycles with management that includes voluntary standards that are more rigorous than relevant laws and regulations.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.



Kansai Airports is fully committed to supporting the Kansai economy by operating three airports\*. It will steadily make investments required for future growth, including large-scale renovations at Kansai International Airport to expand international flight capacity.

\* Kansai International Airport, Osaka International Airport, and Kobe Airport.



ORIX is a member of the communities it serves, and is committed to supporting their development. Our water supply and sewage concessions conduct classes on sewage in Hamamatsu City for elementary school students and sponsor the Mizumusubi Festival in Miyagi Prefecture to help people learn about the mechanisms and role of wastewater treatment and community issues.



## Environment and Energy

Business ▶ Renewable energy in Japan and overseas, electric power retail, energy-saving services, sale of solar panels and electricity storage systems, recycling and waste management, and resource recycling

### Opportunities

- Expansion of the global renewable energy market
- Rising customer awareness of environmental value in areas such as decarbonization and the transition to a recycling-oriented economy
- Needs for advanced waste treatment and recycling, and waste treatment needs among local governments

### Risks

- Persistently high interest rates
- Supply chain disruptions and material price hikes
- Shutdowns due to accidents at large-scale facilities and natural disasters
- Policy and legislative changes related to the environment and energy

### Strengths

- Comprehensive capabilities from operating multiple energy businesses in Japan
- Global business operations
- One-stop service from waste collection and transportation to final disposal

## Growth Strategy:

### Expand the Value Chain and Global Operations

#### Fiscal Year Ended March 2023 in Review

We added to our 80% stake in Elawan Energy in Spain, ORIX's strategic platform for developing renewable energy businesses globally, to make it a wholly owned subsidiary in February 2023. This further strengthened our foundation in the international renewable energy business.

We developed storage stations that have large storage batteries connected to the power grid, which contributes to power grid stability. We participated jointly with Kansai Electric Power Co., Inc. in the Ministry of Economy, Trade, and Industry's 2021 framework to support installation of grid-use storage batteries to accelerate the adoption of renewable energy, which is administered by the Sustainable Open Innovation Initiative.

- In the domestic energy market, we aim to provide high-value-added services as a one-stop service provider of renewable energy by combining multiple services including electric power retail and energy saving as well as renewable energy, and by building a value chain that covers the development, operation, and sale of power sources.
- Internationally, we will use our strategic platform to expand and diversify our portfolio. This will include expansion into regions we do not yet serve, such as Europe and North America; diversification into power storage stations, offshore wind power generation, and other power sources; and development of next-generation energy. We will also sell certain assets as part of our capital recycling program.
- In the domestic environmental market, our strengths include a broad array of recycling items, the establishment of networks, and our high-added-value processing capabilities. We will step up the further expansion of our value chain toward a society that reuses and recycles.

## Approach to Sustainability

#### Fiscal Year Ended March 2023 in Review

We expanded our renewable energy business in Japan and around the world while considering ways to decarbonize our coal-biomass co-fired power plants by using different fuels. We also expanded installed capacity\* in operation to 3.7 GW from 3.3 GW in the fiscal year ended March 2022.

ORIX Eco Services helped to support a society that reuses and recycles by initiating and growing new businesses with high added value, such as a business that recycles the blister packaging sheet materials used for packaging tablets and other applications, and a business that reuses and recycles solar panels.

\*Adjusted for factors including ORIX's equity stake in subsidiaries and affiliates in Japan and overseas.

We are working toward a sustainable society through businesses that contribute to a decarbonized society that reuses and recycles.

- We will expand the renewable energy business globally because it contributes to a decarbonized society. Outside Japan, we will grow our business using Elawan Energy as a strategic platform. In Japan, we will promote the nationwide use of the PPA model for third-party ownership of solar power generation systems.
- We will expand businesses that recycle and properly dispose of waste because they contribute to a society that reuses and recycles.
- We will study and implement measures to reduce CO<sub>2</sub> emissions at our two coal-biomass co-fired power plants by changing the equipment and fuels they use, and will consider shutting down the plants if we determine that these cannot reduce emissions by March 2030.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.



ORIX owns 100% of the outstanding shares of Elawan Energy, a global renewable energy company based in Spain. Elawan Energy develops and operates wind and solar power generation plants in 14 countries, mainly in Europe, North America, and South America. It operates power generation facilities with a total installed capacity of 1,360 MW (as of March 31, 2023) and has a total of 11 GW of projects in operation, under construction, or in development. Elawan Energy's strength is its functional expertise in handling all aspects of projects from development to operation, and it is positioned as a strategic platform for ORIX to expand its renewable energy business globally in the future.



In June 2021, ORIX Environmental Resources Management completed construction of the Yorii Biogas Plant in Yorii-machi, Saitama Prefecture. This dry biogas power generation facility with a capacity of 1.6 MW is one of the largest in Japan that uses general waste. Commercial operation started in April 2022, and the estimated annual power generation is 9.8 million kWh. This facility is a waste-to-energy renewable energy power generation facility that ferments general waste such as food and paper waste using methanogens to generate biogas that fuels power generation. The operation of this facility will help increase the food recycling rate of downstream businesses in the food industry.



Insurance

# Life Insurance

Business ▶ Life insurance, including medical insurance and death insurance

## Opportunities

- Rising asset formation and lifetime security needs brought on by an age of 100-year lifespans
- Increase in points of customer contact and expanded opportunities to sell policies using an omnichannel approach

## Risks

- Contraction of the domestic life insurance market due to the declining population
- Intensifying competition in the life insurance industry

## Strengths

- Strong ability to develop products that address customer needs
- Favorable recognition from third-party institutions
- Omnichannel business development

## Growth Strategy:

### Expand Customer Base and Advance Omnichannel Strategy

#### Fiscal Year Ended March 2023 in Review

We launched new life insurance products with living benefits to meet the needs of aging business owners, enhanced our omnichannel strategy and created new points of contact with customers, such as directly managed in-store insurance shops and online face-to-face sales.

- We are expanding our customer base with products for older customers that meet retirement funding and inheritance needs, and with products targeting the corporate market.
- We will take a multi-pronged approach to product development and shorten development time to enhance the competitiveness of our products and our ability to offer them to customers.
- We will create new points of contact with customers with sales strategies that leverage the characteristics of four sales channels: agency sales, sales by financial institutions, mail-order sales, and face-to-face sales by employees.
- We will enhance the customer experience by increasing operational efficiency and digitalizing to increase opportunities to sell policies.

## Approach to Sustainability

#### Fiscal Year Ended March 2023 in Review

We formulated the ORIX Life Sustainability Policy in December 2022 and identified five material issues (materialities); formulated asset management screening standards that take ESG into consideration; and calculated GHG emissions of the investment portfolio.

Based on the [ORIX Life Corporate Philosophy](#), ORIX Life Insurance has formulated a [Sustainability Policy](#) that clearly states its basic approach to contributing to solving social issues through its life insurance business, and identifies five material issues (materialities). By working to resolve these important issues based on this policy, we will contribute to the realization of a sustainable global environment and society for future generations.

#### ORIX Life Insurance's Material Issues (Materialities)

- To provide security through the insurance business to people of all generations who will live in the age of 100-year lifespans.
- To realize a sustainable society through the promotion of responsible investment as an institutional investor.
- To build mutually beneficial relationships with business partners.
- To create an environment in which each and every employee can maximize his or her potential in various situations.
- To strengthen corporate governance for sustainable growth.

See [here](#) for details on initiatives for each material issue.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.



We redesigned our core medical insurance products CURE Next and CURE Lady Next as an initiative to provide security through the insurance business to people of all generations in the age of 100-year lifespans, and began selling the redesigned products on April 2, 2022. The redesigned products feature affordable insurance premiums and enhanced coverage for the three major diseases of cancer, heart disease, and cerebrovascular disease.



We conduct ESG investment that reflects environmental, social, and governance issues in order to realize a sustainable society through the promotion of responsible investment as an institutional investor. One key initiative is to help achieve a sustainable society through thematic investment in renewable energy assets, green bonds, sustainable bonds, and the like after considering risk and return.



## Banking and Credit Banking

Business ▶ Real estate investment loans, corporate loans, consumer finance, and trust business

### Opportunities

- Growing demand for funding for corporate sustainability initiatives
- Diversifying customer needs for asset management and administration, and increasing ESG investment requirements
- Strategic asset deployment that captures diverse needs

### Risks

- Contraction in the core real estate investment loan market due to persistently high real estate prices
- Rise in market volatility and emergence of credit risk associated with interest rate and price hikes and monetary policy trends

### Strengths

- High profitability from efficient operations with demonstrated strength in clearly defined markets
- Able to provide diverse products and services using trust banking functions

## Growth Strategy: Expand into New Strategic Markets and Enhance Cash Flow from Asset Securitization

### Fiscal Year Ended March 2023 in Review

The core real estate investment loan market remained strong, and we promoted the proliferation of environmentally responsible real estate through loans. We also emphasized financing in strategic markets such as renewable energy and logistics. In addition, our asset securitization business generated cash flow from loan assets after identifying relevant investor requirements. Moreover, our investment in Digital Securities Preparatory Co., Ltd. and the launch of a fully automated asset management service have enabled us to offer asset management options for both institutional and individual investors.

- Our real estate investment loan business will maintain a target market share while ensuring soundness by carefully screening projects. We will also facilitate the proliferation of environmentally responsible real estate.
- We will originate loans in designated strategic sectors that will underpin a sustainable society. We will also enhance our asset securitization business by deploying our trust functions to commercialize products that address the asset management needs of investors.
- We are targeting sustainable growth and higher ROA while appropriately controlling the quality and volume of assets.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

## Approach to Sustainability

### Fiscal Year Ended March 2023 in Review

With sustainability as the cornerstone of management, we promoted initiatives that contributed to resolving social issues. In the real estate investment loan business, we increased financing for the development of investment condominiums with ZEH\*<sup>1</sup> specifications, and also financed an apartment building with ZEH specifications. In addition, we diversified financing for renewable energy from solar power generation to new markets. In November 2022, we issued our first sustainability bond to fund these new types of projects. We also digitalized operations and introduced a new personnel system to reform work styles.

\*<sup>1</sup> Net zero energy house. Refers to housing that aims to keep the balance of annual energy consumption to zero or less by conserving energy with outstanding thermal insulation performance and the use of highly efficient facilities, and by creating energy with solar power generation.

In accordance with ORIX Bank's material issues (materialities), we will provide products and services that help resolve social issues, and implement initiatives to be a sustainable company.

### ORIX Bank's Material Issues (Materialities)

1. Creating a sustainable economy and society:
  - Responding to an aging society
  - Regional revitalization
  - Realizing a smart and resilient society
2. Building safe and secure homes and lifestyles:
  - Creating sustainable cities and communities
  - Resolving urban issues
3. Realizing a society in harmony with nature:
  - Responding to climate change
  - Creating a recycling-oriented society
4. Creating a work environment in which everyone can work comfortably:
  - Diversity and inclusion
  - Human resource development and self-realization



Creating sustainable cities and communities is one of the material issues (materialities) of ORIX Bank's Sustainability Policy. Complementing financing for companies that develop environmentally responsible properties, in September 2022 we provided our first financing package for an individual investor to purchase a Nearly ZEH-M\*<sup>2</sup> investment apartment building. We will continue to facilitate the proliferation of environmentally responsible real estate to achieve a sustainable society.

\*<sup>2</sup> Nearly zero energy mansion. A housing complex that complies with Nearly ZEH-M regulations and reduces standard primary energy consumption by 75% or more through energy conservation and generation.



ORIX Bank incorporates sustainability in its corporate management and promotes work style reform and digitalization. To date, we have expanded our personnel system to empower flexible work styles for our employees, and we have also created a hardware environment that facilitates working from home through digitalization and paperless work. We have renovated all floors of the head office building and created an office environment that can accommodate both telework and on-site work with the goal of improving employee productivity, encouraging job satisfaction, and creating new value.



## Banking and Credit

# Credit

Business ▶ Consumer finance, guarantees of unsecured loans handled by other financial institutions, and housing loans (Flat 35)

### Opportunities

- Rebound in consumer sentiment damaged by COVID-19
- Increased opportunities to attract customers by collaborating with business partners

### Risks

- Worsening economic environment (increase in non-performing loans)
- Intensifying competition in the consumer loan market due to entrants from other industries such as fintech
- Changes in the business environment due to the inverted yield curve

### Strengths

- Brand strength in product development and sales activities
- Screening capabilities built over many years

## Growth Strategy:

### Business Growth Geared to the Next Generation

#### Fiscal Year Ended March 2023 in Review

In the consumer finance business, the balance of installment loans turned around because we proactively promoted ORIX MONEY, which we launched in February 2022. In the credit guarantee business, the number of affiliated financial institutions increased due to sales activities targeting regional financial institutions driven by sales offices throughout Japan. In the mortgage banking business, Flat 35 originations were stable and our market share expanded despite the downturn of the industry as a whole due to changes in the interest rate environment.

- In the consumer finance business, we are working to build brand recognition for ORIX MONEY and increase the balance of installment loans. We will also leverage our brand power to acquire new-to-market customers and encourage borrowing among existing customers.
- In the mortgage banking business, we aim to rapidly attain a leadership position in the industry through Flat 35 volume driven by targeted marketing at sales offices throughout Japan. Concurrently, we intend to expand our lineup of housing loan products to capture additional profit opportunities.

## Approach to Sustainability

#### Fiscal Year Ended March 2023 in Review

We have started offering environmentally responsible cardless products and digital services, and have begun considering initiatives that help prevent multiple debts and personal bankruptcy.

We aspire to become a financial services company that is consistently able to propose products and services from the perspective of individual customers.

- We will develop products for customers with needs that existing financial services do not satisfy, including freelancers, non-Japanese nationals, senior citizens, and full-time housewives.
- Our goal is to prevent individuals from incurring multiple debts and personal bankruptcy by deterring excessive lending and providing financial education to young people.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.



ORIX Credit is actively promoting and marketing ORIX MONEY. This involves improving customer convenience by using digital technology and enhancing UI/UX\*, and we have begun complementing existing app-based products with card-based products that meet customer needs. In addition, we aim to build mind share through promotional activities such as TV commercials and establish a unique position within the consumer finance market.

\*Providing an intuitive user interface (UI) and a satisfying user experience (UX).



We are promoting Flat 35 by strengthening sales and improving operational efficiency in ways such as enhancing operational flow and accelerating screening. In addition, we are expanding origination volume while strengthening mortgage broker relationships and governance. We are also focusing on product planning and development to provide a wide range of services that respond to changes in the environment and the needs of the housing loan market.



# Aircraft and Ships

Business ▶ Leasing and asset management services for aircraft and ships

## Opportunities

### Aircraft Business

- Increased use of leasing among airlines and increase in low-cost carriers
- Greater demand for aircraft remarketing and asset management

### Ship Business

- Increased logistics demand worldwide
- Investment to decarbonize and digitally transform shipping

## Risks

### Aircraft Business

- Decrease in passenger demand due to a global economic slowdown, war, terrorism, or infectious diseases
- Airline bankruptcies

### Ship Business

- Decrease in the volume of trade due to accelerating protectionism caused by geopolitical risk (decrease in volume of goods shipped internationally)
- Decrease in investor demand due to a global economic slowdown

## Strengths

### Aircraft Business

- Aircraft sourcing ability and high-quality asset management services
- Avolon's business model of ordering from aircraft manufacturers

### Ship Business

- Ship operations and management (ORIX Maritime)
- Diversified portfolio encompassing owned vessels, financing, and fee businesses

## Growth Strategy:

### Leverage Market Conditions to Generate Earnings

#### Fiscal Year Ended March 2023 in Review

**Aircraft business:** We actively replaced assets to benefit from the recovery in passenger demand and considered multiple investments to expand the business domain.

**Ship business:** We sold owned vessels before the market declines, selectively provided financing, including [sustainability linked loans](#), and invested in a venture capital fund specializing in the maritime sector.

#### Aircraft Business

- We continue to see potential in the passenger market amid ongoing recovery from the impact of COVID-19. Targeting sustainable growth, we will observe trends in the airline and leasing markets and investor demand while replacing assets to improve the quality of our portfolio and expand the number of owned and managed aircraft.
- We will leverage our strong affinity with Avolon to expand in the aircraft leasing market.

#### Ship Business

- We will properly assess the market for owned vessels as we recycle capital.
- We will complement our three core businesses of owned vessels, financing, and fee businesses by leveraging our 50 years of experience in the shipping business to accelerate investment in sustainable shipping, digitally transformed shipping, and other growth markets.

## Approach to Sustainability

#### Fiscal Year Ended March 2023 in Review

**Aircraft business:** As of December 2022, 55% of Avolon's portfolio consisted of new models with good fuel efficiency, up from 50% in December 2021. Our goal is to raise this ratio to 75% by 2025. All 258 aircraft on order are new models.

**Ship business:** We completed the sale of all eight owned vessels with substandard environmental performance. We will not make new investments in vessels built prior to the international environmental regulations\* that went into effect in 2013.

\*Fuel efficiency regulations for new ships.

#### Aircraft Business

- Recognizing the strong social demand for reduced CO<sub>2</sub> emissions in the airline industry, we will provide supplementary support for meeting the emission reduction targets of airline companies as an operating lease provider. We therefore aim to increase the ratio of new models with good fuel efficiency in our aircraft portfolio.
- We will consider investments and loans related to sustainable aviation fuel (SAF).

#### Ship Business

- ORIX bases vessel ownership on specifications that improve fuel efficiency and reduce environmental impact. We have implemented a policy to exclusively procure new ships that comply with international environmental regulations, and we will not invest in ships built prior to the international environmental regulations that went into effect in 2013.
- We will increase sustainability linked loans.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.



We entered the aircraft finance leasing business in the late 1970s and established ORIX Aviation Systems Limited in 1991 to expand our aircraft operating lease business. We also provide asset management services to domestic and foreign investors, and we own and manage 192 aircraft as of March 2023. In addition, in 2018 we acquired a 30% stake in Avolon, the world's third-largest aircraft leasing company. Avolon had a fleet of 531 aircraft as of March 2023.



ORIX began leasing pre-owned ships in Japan in the late 1960s, and our ship finance business has been operating internationally since the early 1970s. In 1977, we established Perseus Shipping Co., Ltd. (now ORIX Maritime) to manage and maintain our ships. Most of our fleet is handy-sized bulk carriers that we provide to major companies such as grain trading houses and power companies in Japan and overseas. We owned 10 bulk carriers as of March 2023.



Business ► Finance, investment, and asset management in the Americas

### Opportunities

- Growth of assets under management as the asset management market expands
- More financing opportunities as banks tighten lending

### Risks

- Persistently high interest rates
- Credit losses due to deterioration of client company performance
- Decrease in investment and credit opportunities due to reduced M&A activity

### Strengths

- Ability to offer various capital solutions tailored to the middle market
- Use of specialists with an intimate knowledge of business in their field

## Growth Strategy: Deploy Assets On and Off the Balance Sheet

### Fiscal Year Ended March 2023 in Review

We made our risk management system more rigorous, given the uncertain financial and economic outlook in the Americas, and changed internal regulations and committees to grow the asset management business.

- ORIX Corporation USA (OCU) is an on-balance-sheet investor and lender as well as an asset manager that deploys funds from external investors. It controls its balance sheet while expanding assets under management and fee businesses.
- OCU's private credit, private equity, and real estate businesses provide financing solutions for middle-market U.S. companies. We intend to expand asset management services while acquiring companies with relevant asset management and operation capabilities.

## Approach to Sustainability

### Fiscal Year Ended March 2023 in Review

OCU uses its own ESG scorecard\*<sup>1</sup> to assign ESG scores to all assets on its balance sheet. A dashboard displays scorecard information to visualize and enable management of ESG risks across the portfolio. We established an internal ESG advisory body\*<sup>2</sup> to provide ESG advice on discrete investments and loans and on OCU's ESG strategy. We have also created a framework for developing impact investment products.

\*1 The ESG scorecard incorporates the framework of the U.S. Sustainability Accounting Standards Board (SASB), and also adjusts risk weightings by industry sector.

\*2 Called the ESG Advisory Group.

We believe that ESG-based investment decisions are essential to contributing to society, generating sustainable growth, managing risk, and maintaining the trust and respect of our stakeholders.

- We will evaluate and monitor ESG scores and conduct annual reviews.
- We will improve the ESG scorecard to better contribute to ESG due diligence and engagement.
- We will identify indicators and exposures related to information disclosure based on the TCFD recommendations, and monitor them as part of risk management.

►►► See [here](#) for information on how we help to resolve social issues through our business activities.



Lakeview Pointe in Garland, Texas, is part of the affordable housing rental property portfolio of ORIX USA subsidiary Boston Financial Investment Management, L.P. The 132-unit property was recognized as the city's first National Green Building Standard™ Certified project. This recognition confirms that Lakeview Pointe has met the criteria set by the Home Innovation Research Labs and the National Association of Home Builders, ensuring that the development is sustainable and environmentally responsible in design, construction, and operation.



In November 2022, employees of ORIX USA and its subsidiary Lument volunteered with Habitat for Humanity to paint and prime three hallways of a residential cooperative building in New York City. This Build Day was part of a series of projects where employees contributed their time to help build affordable housing for disadvantaged communities. As part of the 2022 fiscal year Corporate Social Responsibility annual giving program, ORIX USA Group donated \$100,000 to Habitat for Humanity, supporting their mission to build safe and affordable homes and communities in the U.S.



## ORIX Europe

Business ▶ Asset management of global equity and fixed income

### Opportunities

- Inflow of funds into international ESG investing
- Increased M&A opportunities due to reorganization of the asset management industry

### Risks

- Weakened investment management organization due to an outflow of talented personnel
- Shift from active to passive management and rising pressure on fees

### Strengths

- Broad product lineup and investor base
- Extensive experience backed by a long track record, an excellent research system, and expertise in ESG investing

## Growth Strategy:

### Step Up Marketing and Expand the Product Lineup

#### Fiscal Year Ended March 2023 in Review

**Robeco:** Assets under management decreased due to market downturn; focused on expanding private debt business.

**Boston Partners:** Solid performance despite market downturn; began strengthening distribution.

**Harbor Capital:** Assets under management decreased due to market downturn; began strengthening distribution.

**Transtrend:** Low correlation with the stock market, strong performance.

- ORIX Europe is strengthening sales and distribution and expanding assets under custody in the areas it serves. We aim to expand the product line both organically and through M&A, depending on the prevailing opportunities. We see room to expand in alternative investments such as real estate, infrastructure, and private debt as well as in Robeco's existing strengths in quantitative and sustainable investment.
- Management fees for traditional stock and bond investment products are on the decline. We will therefore ensure profitability by expanding the product lineup to include alternative investments with comparatively high-margin fees.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

## Approach to Sustainability

#### Fiscal Year Ended March 2023 in Review

**Robeco:** We achieved a 45.1% reduction in carbon emissions from investment and business activities by the end of December 2022 in accordance with our Net Zero Roadmap\*<sup>1</sup>. We also created a framework based on our Biodiversity Roadmap\*<sup>2</sup> for evaluating contributions to biodiversity and established a biodiversity equity strategy.

\*<sup>1</sup> Announced in 2021. \*<sup>2</sup> Announced in 2022.

#### Robeco

- Our investment strategies will integrate ESG factors: (1) strategies that employ ESG information in investment decisions; (2) strategies that focus on sustainability; and (3) impact investment strategies. In particular, we will focus on expanding the balance of assets under management related to (3) impact investment strategies.
  - We will create an engagement policy and appoint experts to strengthen engagement with governments and government-owned enterprises.
  - In line with our Net Zero Roadmap, we will reduce carbon emissions from our investment and business activities by 7% each year with the goal of achieving net zero by 2050.
  - In line with our Biodiversity Roadmap, we will implement initiatives for TNFD\*<sup>3</sup> testing and the creation of biodiversity-related asset management industry standards.
- See [here](#) for information on the approach to sustainability of Boston Partners Global Investors, Harbor Capital Advisors, Transtrend, and Gravis Capital Management.

\*<sup>3</sup>Taskforce on Nature-related Financial Disclosures: An initiative launched in June 2021, TNFD encourages organizations to assess and report risks and opportunities related to the natural environment and biodiversity in their own economic activities.



In 2022, Robeco launched its Sustainable Investment Open Access initiative to disclose its SDG scoring and biodiversity framework to investors and academia. We aim to make Robeco's sustainability framework a global standard by receiving feedback and making improvements.



Robeco has been at the forefront of sustainable investing ever since launching its first sustainable investment product in 1995. In its [Sustainability Report 2022](#), Robeco summarizes how it integrates sustainability into its investments and business activities, the sustainable investment solutions it offers its clients, and how it implements active ownership activities.





## Asia and Australia

Business ► Finance and investment businesses in Asia and Australia

### Opportunities

- Strong potential for growth due to factors including the expansion of the middle class in emerging Asian countries
- New investment and loan opportunities for EVs and other next-generation technologies

### Risks

- Relatively high interest rates and exchange rate volatility
- Political uncertainty in individual countries

### Strengths

- Local expertise and networks developed over the long term
- Use of ORIX Group's expertise in business diversification

## Growth Strategy: Promoting Business Diversification

### Fiscal Year Ended March 2023 in Review

We restored assets to pre-COVID level. The automobile leasing business is doing especially well due to the significant increase in pre-owned car prices. We strengthened information and expertise sharing among local subsidiaries to diversify our business.

We focused on increasing the value of existing private equity investments and explored the potential for selling them.

- We will implement strategies driven by market size, which encompasses the national population and economy, as well as by market growth potential and competitive conditions. We will continue to expand our business lines through both financing and investment, with the aim of business diversification.
- Diversification will involve creating investment and business opportunities with a network that leverages the skills and expertise of our people in-market to improve our presence in Asia and Australia.

## Approach to Sustainability

### Fiscal Year Ended March 2023 in Review

The balance of credit extended to industries with high environmental impact\*<sup>1</sup> at subsidiaries in Malaysia, Indonesia, and Australia decreased on a local currency basis compared to the fiscal year ended March 2020. In Malaysia, we set a target ratio of RSPO and MSPO\*<sup>2</sup> certified companies to the outstanding balance of credit to palm oil plantation operators. We have established a review system, and have reviewed all cases.

In Greater China, we promoted green finance that encompasses leasing associated with solar power generation, electric vehicles, electric forklifts, and environmental resource recycling equipment. We have begun to consider GHG emission calculation methods for investees.

\*<sup>1</sup> Fossil fuel mining, palm oil plantations, and forestry.

\*<sup>2</sup> RSPO is an international certification for sustainable palm oil, and MSPO is a certification from the Malaysian government.

- Subsidiaries in Malaysia, Indonesia, and Australia will reduce the balance of credit extended to industries with high environmental impact by 50% through 2030 compared to 2020.
- We will support ESG initiatives among existing private equity investees in Greater China.

►►► See [here](#) for information on how we help to resolve social issues through our business activities.



Shanghai Haichang Ocean Park is operated by the Haichang Group, a strategic investee of ORIX's Greater China Group. The Haichang Group develops and operates aquariums and theme parks such as Sea Paradise in China. ORIX invested in Haichang in 2009, and Haichang Ocean Park Holdings Ltd. listed on the Hong Kong exchange in 2014.



In 2020, ORIX Australia began leasing SEA Hino 917 EV carbon-free electric trucks produced by SEA Electric\*<sup>3</sup> to a major New Zealand Group company that is in the road and airport infrastructure construction and maintenance business. The world's first electric truck, the SEA Hino 917 EV has a power system with a battery capacity of 100 kWh and a maximum range of 275 km (unloaded) on a single charge. Lessees also consider this to be a key initiative aligned with their management philosophy of providing sustainable infrastructure development.

\*<sup>3</sup> SEA Electric is a global automotive technology company that specializes in building 100% electric powered vehicles that do not rely on fossil fuels.