

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended March 31, 2025
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
OR
☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report: _____

Commission file number: 001-14856

ORIX KABUSHIKI KAISHA

(Exact name of Registrant as specified in its charter)

ORIX CORPORATION

(Translation of Registrant's name into English)

Japan

(Jurisdiction of incorporation or organization)

World Trade Center Building, SOUTH TOWER, 2-4-1 Hamamatsu-cho, Minato-ku
Tokyo 105-5135, Japan

(Address of principal executive offices)

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(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols(s)	Name of each exchange on which registered
(1) American depository shares (the "ADs"), each of which represents one share	IX	New York Stock Exchange
(2) Common stock without par value (the "Shares")*		

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of March 31, 2025, 1,162,962,244 Shares were outstanding, including Shares that were represented by 25,447,942 ADSs.

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Note—Checking the box above will not relieve any Registrant required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 from their obligations under those sections.

Indicate by check mark whether the Registrant:(1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the Registrant submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

☒ Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the Registrant has used to prepare the financial statements included in this filing.

☒ U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the Registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the Registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

☐ Yes ☐ No

* Not for trading, but only for technical purposes in connection with the registration of the ADSs.

TABLE OF CONTENTS

	<u>Page</u>
Certain Defined Terms, Conventions and Presentation of Financial Information	ii
Forward-Looking Statements	ii
PART I	1
Item 1. Identity of Directors, Senior Management and Advisers	1
Item 2. Offer Statistics and Expected Timetable	1
Item 3. Key Information	1
Item 4. Information on the Company	14
Item 4A. Unresolved Staff Comments	34
Item 5. Operating and Financial Review and Prospects	35
Item 6. Directors, Senior Management and Employees	125
Item 7. Major Shareholders and Related Party Transactions	168
Item 8. Financial Information	170
Item 9. The Offer and Listing	171
Item 10. Additional Information	171
Item 11. Quantitative and Qualitative Disclosures about Market Risk	186
Item 12. Description of Securities Other than Equity Securities	189
PART II	190
Item 13. Defaults, Dividend Arrearages and Delinquencies	190
Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds	190
Item 15. Controls and Procedures	190
Item 16A. Audit Committee Financial Expert	191
Item 16B. Code of Ethics	191
Item 16C. Principal Accountant Fees and Services	191
Item 16D. Exemptions from the Listing Standards for Audit Committees	192
Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers	192
Item 16F. Change in Registrant's Certifying Accountant	193
Item 16G. Corporate Governance	193
Item 16H. Mine Safety Disclosure	194
Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	194
Item 16J. Insider Trading Policies	195
Item 16K. Cybersecurity	195
PART III	197
Item 17. Financial Statements	197
Item 18. Financial Statements	197
Item 19. Exhibits	198
SIGNATURES	199
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1

CERTAIN DEFINED TERMS, CONVENTIONS AND PRESENTATION OF FINANCIAL INFORMATION

As used in this annual report, unless the context otherwise requires, the “Company” and “ORIX” refer to ORIX Corporation, and “ORIX Group,” “Group,” “we,” “us,” “our” and similar terms refer to ORIX Corporation and its subsidiaries.

In this annual report, “subsidiary” and “subsidiaries” refer to consolidated subsidiaries of ORIX, generally companies in which ORIX owns more than 50% of the outstanding voting stock and exercises effective control over the companies’ operations; and “affiliate” and “affiliates” refer to all of our affiliates accounted for by the equity method, generally companies in which ORIX has the ability to exercise significant influence over their operations by way of 20-50% ownership of the outstanding voting stock or other means.

The consolidated financial statements of ORIX have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). For certain entities where we hold majority voting interests but noncontrolling shareholders have substantive participating rights to decisions that occur as part of the ordinary course of the business, the equity method is applied. In addition, the consolidated financial statements also include variable interest entities (“VIEs”) of which the Company and its subsidiaries are primary beneficiaries. Unless otherwise stated or the context otherwise requires, all amounts in such financial statements are expressed in Japanese yen.

References in this annual report to “¥” or “yen” are to Japanese yen and references to “US\$,” “\$” or “dollars” are to United States dollars.

Certain monetary amounts and percentage data included in this annual report have been subject to rounding adjustments for the convenience of the reader. Accordingly, figures shown as totals in tables may not be equal to the arithmetic sums of the figures that precede them.

The Company’s fiscal year ends on March 31. The fiscal year ended March 31, 2025 is referred to throughout this annual report as “fiscal 2025,” and other fiscal years are referred to in a corresponding manner. References to years not specified as being fiscal years are to calendar years.

FORWARD-LOOKING STATEMENTS

This annual report contains statements that constitute “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”). When included in this annual report, the words “will,” “should,” “expects,” “intends,” “anticipates,” “estimates” and similar expressions, among others, identify forward looking statements. Such statements, which include, but are not limited to, statements contained in “Item 3. Key Information—Risk Factors,” “Item 5. Operating and Financial Review and Prospects” and “Item 11. Quantitative and Qualitative Disclosures About Market Risk,” inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those set forth in such statements. These forward-looking statements are made only as of the filing date of this annual report. The Company expressly disclaims any obligation or undertaking to release any update or revision to any forward-looking statement contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

SELECTED FINANCIAL DATA

The following selected consolidated financial information has been derived from our consolidated financial statements as of each of the dates and for each of the periods indicated below except for “Number of employees.” This information should be read in conjunction with and is qualified in its entirety by reference to our consolidated financial statements, including the notes thereto, included in this annual report in Item 18, which have been audited by KPMG AZSA LLC.

	Year ended March 31,				
	2021	2022	2023	2024	2025
	(Millions of yen)				
Income statement data*1:					
Total revenues	¥2,292,357	¥2,508,043	¥2,663,659	¥2,814,361	¥2,874,821
Total expenses	2,033,884	2,215,160	2,327,736	2,453,648	2,542,995
Operating income	258,473	292,883	335,923	360,713	331,826
Equity in Net Income of Equity method investments	822	24,565	22,081	36,774	57,182
Gains on Sales of Subsidiaries and Equity method investments and Liquidation Losses, net	23,300	191,999	33,000	72,488	87,705
Bargain purchase gain	4,966	0	1,174	0	3,750
Income before income taxes	287,561	509,447	392,178	469,975	480,463
Net Income	196,814	322,853	296,933	338,587	351,635
Net income (loss) attributable to the noncontrolling interests	4,453	5,477	6,561	(7,682)	(389)
Net income (loss) attributable to the redeemable noncontrolling interests	(23)	0	32	137	394
Net income attributable to ORIX Corporation shareholders	192,384	317,376	290,340	346,132	351,630

As of March 31,					
	2021	2022	2023	2024	2025
(Millions of yen, except number of shares)					
Balance sheet data*1:					
Net Investment in Leases*2	¥ 1,029,518	¥ 1,057,973	¥ 1,087,563	¥ 1,155,023	¥ 1,167,380
Installment Loans*2	3,705,660	3,899,503	3,905,026	3,958,814	4,081,019
Allowance for Credit Losses	(79,995)	(71,415)	(65,373)	(58,110)	(56,769)
Investment in Operating Leases	1,408,189	1,463,202	1,537,178	1,868,574	1,967,178
Investment in Securities	2,578,023	2,761,698	2,852,378	3,263,079	3,234,547
Property under Facility Operations	491,855	561,846	620,994	689,573	771,851
Others	4,429,832	4,607,877	5,351,619	5,445,147	5,701,045
Total Assets	¥ 13,563,082	¥ 14,280,684	¥ 15,289,385	¥ 16,322,100	¥ 16,866,251
Short-term Debt, Long-term Debt and Deposits	¥ 7,041,887	¥ 7,142,843	¥ 7,964,864	¥ 8,446,306	¥ 8,732,610
Policy Liabilities and Policy Account Balances	1,822,422	1,912,698	1,832,057	1,892,510	1,948,047
Common Stock	221,111	221,111	221,111	221,111	221,111
Additional Paid-in Capital	259,361	260,479	233,169	233,457	234,193
ORIX Corporation Shareholders' Equity	3,028,456	3,304,196	3,543,607	3,941,466	4,089,782
Number of Issued Shares	1,285,724,480	1,258,277,087	1,234,849,342	1,214,961,054	1,162,962,244
Number of Outstanding Shares*3	1,217,338,316	1,193,399,778	1,170,305,869	1,151,485,206	1,136,289,549

As of and for the Year Ended March 31,					
	2021	2022	2023	2024	2025
(Yen and dollars, except ratios and number of employees)					
Key ratios (%)*4:					
Return on ORIX Corporation shareholders' equity ("ROE")	6.4	10.0	8.5	9.2	8.8
Return on assets ("ROA")	1.44	2.28	1.96	2.19	2.12
ORIX Corporation shareholders' equity ratio	22.3	23.1	23.2	24.1	24.2
Allowance for credit losses/net investment in leases and installment loans	1.7	1.4	1.3	1.1	1.1

Per share data and employees:					
ORIX Corporation shareholders' equity per share*5	¥2,487.77	¥2,768.72	¥3,027.93	¥3,422.94	¥3,599.24
Basic earnings per share for net income attributable to ORIX Corporation shareholders	155.54	263.72	245.98	298.55	307.74
Diluted earnings per share for net income attributable to ORIX Corporation shareholders	155.39	263.42	245.65	298.05	307.16
Dividends applicable to fiscal year per share	78.00	85.60	85.60	98.60	120.01
Dividends applicable to fiscal year per share*6	\$ 0.73	\$ 0.70	\$ 0.62	\$ 0.66	\$ 0.82
Number of employees	33,153	32,235	34,737	33,807	33,982

*1 Accounting Standards Update 2018-12 ("Targeted Improvements to the Accounting for Long-Duration Contracts"—ASC 944 ("Financial Services—Insurance")) (hereinafter, "LDTI") has been adopted since April 1, 2023, with the transition date of April 1, 2021, using the modified retrospective transition approach. For further information, see Note 1 of "Item 18. Financial Statements."

*2 The sum of net investment in leases and installment loans considered non-performing amounted to ¥107,771 million, ¥106,182 million, ¥98,851 million, ¥109,381 million and ¥163,322 million as of March 31, 2021, 2022, 2023, 2024 and 2025, respectively. These sums included: (i) net investment in leases considered non-performing of ¥18,925 million, ¥19,224 million, ¥16,841 million, ¥20,805 million and ¥21,820 million as of March 31, 2021, 2022, 2023, 2024 and 2025, respectively, (ii) non-performing installment loans not individually assessed for credit losses of ¥28,181 million, ¥34,479 million, ¥33,706 million, ¥34,154 million and ¥79,069 million as of March 31, 2021, 2022, 2023, 2024 and 2025, respectively, and (iii) non-performing installment loans individually assessed for credit losses of ¥60,665 million, ¥52,479 million, ¥48,304 million ¥54,422 million and ¥62,433 million as of March 31,

2021, 2022, 2023 2024 and 2025, respectively. See “Item 5. Operating and Financial Review and Prospects—Results of Operations—Year Ended March 31, 2025 Compared to Year Ended March 31, 2024—Details of Operating Results—Revenues, New Business Volumes and Investments—Asset quality.”

*3 The Company’s shares held through the Board Incentive Plan Trust, which was established in July 2014 to provide shares at the time of retirement as compensation, are included in the number of treasury stock and excluded from the number of outstanding shares. The Board Incentive Plan Trust held 2,154,248 shares, 1,963,282 shares, 2,800,866 shares, 2,727,686 shares and 3,413,000 shares as of March 31, 2021, 2022, 2023, 2024 and 2025, respectively.

*4 Return on ORIX Corporation shareholders’ equity is the ratio of net income attributable to ORIX Corporation shareholders for the period to average ORIX Corporation shareholders’ equity based on fiscal year beginning and ending balances for the period. Return on assets is the ratio of net income attributable to ORIX Corporation shareholders for the period to average total assets based on fiscal year beginning and ending balances for the period. ORIX Corporation shareholders’ equity ratio is the ratio as of the period end of ORIX Corporation shareholders’ equity to total assets. Allowance for credit losses/net investment in leases and installment loans is the ratio as of the period end of the allowance for credit losses on net investment in leases and installment loans to the sum of net investment in leases and installment loans.

*5 ORIX Corporation shareholders’ equity per share is the amount derived by dividing ORIX Corporation shareholders’ equity by the number of outstanding shares.

*6 The U.S. dollar amounts represent translations of the Japanese yen amounts using noon buying rates for Japanese yen per \$1.00 in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York in effect on the respective dividend payment dates.

RISK FACTORS

Investing in our securities involves risks. You should carefully consider the risks described below as well as all the other information in this annual report, including, but not limited to, our consolidated financial statements and related notes and “Item 11. Quantitative and Qualitative Disclosures about Market Risk.” Our business activities, financial condition and results of operations and the trading prices of our securities could be adversely affected by any of the factors discussed below or other factors. Even if we do not incur direct financial loss as a result of these risks, our reputation may be adversely affected. This annual report also contains forward-looking statements that involve uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to, the risks faced by us described below and elsewhere in this annual report. See “Forward-Looking Statements.” Forward-looking statements in this section are made only as of the filing date of this annual report.

For information about our management of the principal risks we face, see “Item 5. Operating and Financial Review and Prospects—Risk Management—Management of Principal Risks.”

1. Risks Related to our External Environment

(1) Global economic weakness and instability or political turmoil could adversely affect our business activities, financial condition and results of operations.

We conduct business operations in Japan and other areas of Asia, as well as in the Americas, Europe, and Australia. Our business is affected by general geopolitical, economic and financial conditions in these countries and regions. These conditions are affected by various factors including, for example, wars and riots, changes in fiscal and monetary policies, trade frictions, and disputes over technology among major trading partners, including the United States and China. Fluctuations or shifts in commodity market prices, increases in raw material and construction costs, drops in consumer demand, trade disputes, or unstable political social or economic conditions in these countries and regions could also adversely affect our business activities, financial condition and results of operations. While we do not anticipate that the political, regulatory and economic uncertainty linked to the second Trump presidency as well as the ongoing Russia-Ukraine and Israel-Hamas conflicts will have a significant impact on our financial performance at this stage, the consequences of these events remain uncertain and any long-term or indirect impact on our business is difficult to predict.

Despite our attempts to minimize the adverse effects of such factors through, for example, improving our risk management procedures, global economic weakness and instability, or political turmoil could adversely affect our business activities, financial condition and results of operations.

(2) Competition could affect our business

We compete on the basis of pricing, transaction structure, service quality and other terms. It is possible that our competitors may seek to compete aggressively on the basis of pricing and other terms through their low funding costs or without regard to their profitability. In addition, technological advances and innovation may result in the emergence of new competitors and as a result, we may be forced to adapt our business to compete more effectively. As a result of such aggressive competition by our competitors, our market share or our profitability may decline.

(3) Negative publicity could affect our business activities, financial condition, results of operations and share price

Our business is built upon the confidence of our customers and market participants. Whether based on facts or not, negative publicity about our activities, our industries or the parties with whom we do business could harm our reputation and diminish confidence in our business. In such an event, we may lose customers or business opportunities, which could adversely affect our business activities, financial condition and results of operations, as well as our share price.

(4) Climate change could impact our business

The physical risks and transition risks associated with climate change are subject to increasing political, societal and regulatory focus in Japan and globally, and could have a negative impact on the earnings, business activities, financial condition and results of operation of ORIX Group.

Major physical risks of climate change may arise in connection with specific weather events or the gradual deterioration of environmental conditions. Potential impacts include business suspension and increased costs for preventive measures or repairs due to damage to operating facilities and offices, higher operating and construction expenses caused by rising temperatures, increased credit costs resulting from damage to customers, and impairment of asset value due to damage to investees.

Major transition risks may arise due to changes in climate change policies, tightening of environmental regulations or technological innovation. Potential impacts include business suspension, loss of asset value, stranded assets due to more stringent regulations, higher costs associated with carbon emissions, higher credit costs due to deterioration in customer performance, and decreased corporate value of high GHG (CO₂) -emitting investees.

ORIX announced its support for the Task Force on Climate-related Financial Disclosures (“TCFD”) in October 2020, with the aim of enhancing corporate value through the assessment and disclosure of the risks and opportunities posed by climate change. ORIX is working to expand its information disclosure in line with the TCFD framework’s four themes involving governance, strategy, risk management, and metrics and goals. With regards to its ESG-related material issues and key sustainability goals, ORIX has announced that it will reduce GHG emissions, and reduce its exposure to business sectors with high environmental risks. While ORIX Group intends to maintain its commitment to ESG-related material issues, developments in political, economic, technological, social and market environments or other factors, much of which are outside of its control and subject to significant uncertainties, may affect its strategies or capability to achieve its ESG-related goals as planned, and there is no assurance that ORIX will achieve its key goals in the specified time frames or otherwise. Moreover, these risks or a failure to achieve these goals could adversely affect ORIX’s business and operating results and significantly impact ORIX’s mid- and long-term initiatives.

For further information, see “Item 4. Information on the Company—Sustainability at ORIX and Our Initiatives.”

(5) Risk related to natural disasters and other calamities could impact our business

Unpredictable events such as earthquakes, storms, floods, tsunamis and other natural phenomena, extreme weather conditions, fires, pandemics, etc. may, among other things, cause unexpectedly large market changes or unanticipated deterioration of economic conditions in a country or a region, or cause major injuries to our personnel or damages to our facilities, equipment and other properties. As a result of such events, our business activities, financial condition and results of operations could be adversely affected.

2. Credit Risk

We maintain an allowance mainly for credit losses on finance leases and probable loan losses. However, we cannot be sure that the allowance will be adequate to cover future credit losses. This allowance may be inadequate due to unexpected adverse changes in the Japanese and overseas economies in which we operate, or deterioration of specific industries, markets or customers’ business performance. While we constantly strive to diversify risk through portfolio management, we may be required to make additional provisions in the future depending on economic trends and other factors.

Furthermore, if adverse economic or market conditions affect the value of underlying collateral, secondhand equipment, or other collateral measures, our credit-related costs other than the allowance might increase. If any such event occurs, our business activities, financial condition and results of operations could be adversely affected.

3. Business Risk

We define business risk as the uncertainty of recovery of investments caused by the negative performance of our businesses or investees, variability in market prices for the types of products or services we offer or the potential degradation or obsolescence of the products or services we offer or a decline in their quality.

(1) We are exposed to risks from expansion of our businesses, acquisitions of companies and assets, entry into joint ventures and alliances with other companies and similar activities with uncertain outcomes

We are engaged in a broad range of businesses in Japan and overseas and continue to expand such range, including through acquisitions of companies and businesses. The breadth of our business and continued expansion may expose us to new and complex risks that we may be unable to fully control or foresee, and, as a result, we may incur unexpected and potentially substantial costs or losses. Such unexpected costs and losses, which may result from regulatory, technological or other factors, may be particularly acute when we expand our business through acquisitions. In addition, we may not achieve targeted results if our business or business opportunities do not develop as expected or if competitive pressures undermine profitability. Furthermore, when we acquire companies or businesses to expand our business, we could be required to make large write-downs of goodwill or other assets if the results of operations of an acquired company or business are lower than what we expected at the time we made such acquisition, or if they encounter other financial or operational difficulties.

We have a wide range of investments in business operations, including operations that are very different from our financial services business. If we fail to manage our investee companies effectively, we may experience financial losses as well as losses of future business opportunities. In addition, we may not be able to sell or otherwise dispose of investments at the times or prices we initially expected or at all. We may also need to provide financial support, including credit support or equity investments, to some investee companies if their financial condition deteriorates.

From time to time we also enter into joint ventures and other alliances, and the success of these alliances is often dependent upon the operational capabilities, the financial stability and the legal environment of our counterparties. If an alliance suffers a decline in its financial condition or is subject to operational instability because of a change in applicable laws or regulations, we may be required to pay in additional capital, reduce our investment at a loss, or terminate the alliance.

If any such events occur, our business activities, financial condition results of operations and reputation may be adversely affected.

(2) We are exposed to risks related to asset value volatility

In the management of our businesses, we hold various classes of assets and investments, including real estate, aircraft, ships and other assets in Japan and overseas, which we may hold for our own use or lease to our customers. The market values of these assets and investments may be volatile and may decline substantially in the future.

Asset valuation losses are recorded based on the fair market values at the time when revaluation is conducted in accordance with applicable accounting principles. However, losses from the sale of these assets, including as a result of a sudden need for liquidity or to mitigate an adverse credit event at one of our customers, may exceed the amount of recorded valuation losses.

We estimate the residual value for certain operating leases at the time of contract. Our estimates of the residual value of equipment are based on current market values of used equipment and assumptions about when and to what extent the equipment will become obsolete; however, we may need to recognize additional valuation losses if our estimates differ from actual trends in equipment valuation and the secondhand market, and we may incur losses if we are unable to collect such estimated residual amounts.

In addition, due to our operation of asset management businesses, if there are changes in the market value of asset such as shares and other securities, it could affect the results of our asset management services, which could lead to reductions in our assets under management and related fees and negatively impact our revenue.

If any event described above occurs, our business activities, financial condition and results of operations may be adversely affected.

(3) Risks related to our other businesses

We operate a wide range of businesses in Japan and overseas, including financial services businesses.

Entry into new businesses, and the results of operations following such entry, are accompanied by various uncertainties, and if any unanticipated risk does occur, it may adversely affect our business activities, financial condition and results of operations.

4. Market Risk

(1) Changes in market interest rates and currency exchange rates could adversely affect our assets and our business activities, financial condition and results of operations

Our business activities are subject to risks relating to changes in market interest rates and currency exchange rates in Japan and overseas. Although we conduct asset-liability management (“ALM”), changes in the yield curve and currency exchange rates could adversely affect our results of operations.

When funding costs increase due to actual or perceived increases in market interest rates, financing lease terms and loan interest rates for new transactions may diverge from the trend in market interest rates.

Changes in market interest rates could have an adverse effect on the credit quality of our assets and our asset structure. For example, with respect to floating-rate loan assets, if market interest rates increase, the repayment burdens of our customers may also increase, which could adversely affect the financial condition of such customers and their ability to repay their obligations to us. Alternatively, a decline in interest rates could result in an increase in early repayment of loans and a corresponding decrease in our assets, which could adversely impact our revenue generation capabilities.

Although we enter into derivative investments to hedge our market interest and currency risks, we may not be able to perfectly hedge against all risks arising from our business operations in foreign currencies and overseas investments. As a result, a significant change in interest rates or currency exchange rates could have an adverse impact on our business activities, financial condition and results of operations.

(2) Our risk management strategy of using derivatives for hedging purposes may not be effective

We may use derivative instruments to reduce fluctuations in the value of our investments and to hedge against interest rate and currency risks. However, it is possible that this risk management strategy may not be fully effective in all circumstances due to our failure to appraise the value of assets being hedged or execute such derivative instruments properly or at all, or our failure to achieve the intended results of such hedging due to the unavailability of offsetting or roll-over transactions in the event of sudden turbulence in the market or otherwise.

Furthermore, our derivatives counterparties could fail to honor the terms of their contracts with us. Our existing derivative contracts and new derivative transactions may also be adversely affected if our credit ratings are downgraded.

In such instances, our business activities, financial condition and results of operations could be adversely affected.

(3) Fluctuations in market prices of stocks and bonds may adversely affect our business activities, financial condition and results of operations

We hold investments in shares of private and public company stock and corporate and government bonds in Japan and overseas. The market values of our investment assets are volatile and may fluctuate substantially in the future. A significant decline in the value of our investment assets could adversely affect our business activities, financial condition and results of operations.

5. Liquidity Risk

Our primary sources of financing include: borrowings from banks and other institutional lenders, funding from capital markets (such as through issuances of bonds, medium-term notes or commercial paper (“CP”), securitization of loans receivables and other assets) and deposits. Such sources include a significant amount of short-term debt, such as CP and other short-term borrowings from various institutional lenders and the portion of our long-term debt maturing in the current fiscal year. Some of our committed credit lines require us to comply with financial covenants.

For the ORIX Group, an increase in liquidity risk means an increase in the likelihood that it will be difficult to raise new funds and renew existing funding, and/or that funding costs will increase. If our access to liquidity is restricted, or if we are unable to obtain our required funding at acceptable costs, our business activities, financial condition and results of operations may be significantly and adversely affected.

We obtain credit ratings from ratings agencies. Downgrades of our credit ratings due to reasons such as market turmoil or the worsening of our financial condition could result in increases in our interest expenses and could have an adverse effect on our fund-raising ability by increasing costs of issuing CP and corporate debt securities and borrowing from banks and other financial institutions, reducing the amount of bank credit available to us or decreasing the attractiveness of our equity securities to investors. As a result, our business activities, financial condition and results of operations may be significantly and adversely affected.

6. Compliance Risk

Our efforts to implement and maintain thorough internal controls for appropriate compliance and legal risk management, as well as compliance education programs for our directors, officers and other employees across the ORIX Group, in order to prevent violations of applicable laws, regulations and internal rules may not be fully effective in preventing all violations. In addition, we engage in a wide range of businesses, and our expansion into new businesses through acquisitions may cause our current internal controls to not be fully effective. If we are unable to implement and maintain robust internal controls to prevent any such violations and adjust such controls in response to expansion of our business, we may be subject to sanctions, which could also apply to our officers or employees. Such events could adversely affect our business activities, financial condition, results of operations and reputation.

In addition, we are also indirectly exposed to compliance risk through our joint venture and alliance partners, investee companies and other business partners or counterparties, whom we may not be able to control. If any of those parties engage in violations of applicable laws or regulations, our business activities, financial condition, results of operations and reputation may be adversely affected.

7. Legal Risk

(1) We are subject to various laws and regulations in Japan and overseas that may affect our business

Our businesses and employees are subject to domestic and international laws, as well as regulatory oversight by government authorities that implement those laws, relating to the various sectors in which we operate and to our business operations generally. These include laws and regulations applicable to specific businesses and industries, such as moneylending, financial instruments exchange, construction, real estate transactions, hotels, insurance, banking and trust services, as well as laws applicable more generally, such as laws and regulations on antitrust, personal data protection, anti-money laundering and anti-bribery and those applicable due to our public listing in Japan and the United States.

Regardless of whether we have violated any laws, if we become the subject of a governmental investigation, litigation or other proceeding in connection with our businesses, our business activities, financial condition and results of operations may be adversely affected.

For information on the regulations that apply to our businesses, see “Item 4. Information on the Company—Business Regulation.”

(2) Enactment of, or changes in, laws, regulations and accounting standards may affect our business activities, financial condition and results of operations

Enactment of, or changes in, laws and regulations may adversely affect the way that we conduct our business and the products or services that we may offer, as well as limit our investing and funding activities. Such enactment or changes may increase our compliance costs. In recent years, foreign laws and regulations on subject matters such as personal data protection, anti-money laundering, anti-bribery and antitrust have been enacted and strengthened such that they may directly apply to the activities of our businesses, even if conducted outside the relevant jurisdiction. If such pattern continues and it becomes necessary for us to comply with different countries’ regulations, in addition to significantly increasing the number of laws and regulations that we need to comply with, it may also significantly increase our compliance costs.

If accounting standards are changed, even if such changes do not directly affect our profitability or financial soundness, industries related to our businesses, our clients or the financial market may be negatively affected. As a result of such enactments or changes, our business activities, financial condition and results of operations could be adversely affected.

(3) Contractual deficiencies may affect our business and other initiatives

When engaging in business and other transactions, deficiencies, including our failure to execute legally required or binding agreements or our execution of agreements that do not reflect our intentions regarding parties’ contractual obligations, may lead to adverse events such as our being the target of infringement, breach of contract and other legal claims by contractual counterparties and third parties or disruption of our ability to obtain rights we expected as part of such transactions. Such events may adversely affect our business activities, financial condition and results of operations.

8. Information / Cybersecurity Risk and IT Risk

(1) Risks relating to loss, theft, damage or leakage of information

We maintain various information such as customer information including information on individuals, accounting information and personnel information. If information is lost, stolen, damaged, or leaked due to cyber attacks or other unauthorized acts, the ORIX Group may be subject to governmental investigation, litigation or other proceedings in connection with potential violations of applicable data protection laws and regulations, such as the Act on the Protection of Personal Information of Japan and the General Data Protection Regulation adopted in the EU, and may be sued for damages.

If any event described above occurs, our business activities, financial condition and results of operations may be adversely affected.

(2) The impact of cybersecurity attacks or breaches on our information systems and our business generally

We utilize information systems for managing customer information and financial transactions and for business operations, and in using these diverse information systems, the Company is connected via external networks to organizations within the Group, as well as to employees working remotely from home and subcontractors. Cyber attacks on these information systems or information networks, or other forms of cyber-terrorism could have adverse effects on our operations, by causing, for example, the suspension of certain products or services we provide to our customers or other interruptions of our business activities. In addition to direct impacts of an attack on a given information system, an attack may also result in widespread impacts throughout the network.

Cybersecurity risks and the frequency and sophistication of cyber attacks have significantly increased in recent years. In particular, geopolitical tensions, including those resulting from the Russia-Ukraine and Israel-Hamas conflicts, may also increase the risk of cyber attacks, including cyber attacks by state actors or others in retaliation against the sanctions imposed by the international community, as well as cyber attacks by other actors seeking to take advantage of the ongoing conflict. In addition, we also face indirect cybersecurity risks relating to our customers and other third parties, including counterparties in the financial services industry. For example, vulnerabilities in third-party technology systems may increase the risk that our information systems are exposed to cyber attacks. This may result in significant costs to restore business operations, or regulatory sanctions for violations of relevant laws and regulations, or the potential for damages judgments.

As a result of the above, our business activities, financial condition and results of operations may be adversely affected.

(3) Impact of system failures

System shutdowns, malfunctions or failures, the mishandling of data or fraudulent acts by employees, vendors or other third parties, or inaccurate information resulting from the use of IT tools could have adverse effects on our operations, by causing, for example, delays in the receipt and payment of funds, disruptions to our financial transactions, the generation of errors in information used by our management for business decision-making and risk management evaluation and planning, the suspension of certain products or services we provide to our customers or other interruptions of our business activities. In such event, our liquidity could be adversely affected.

We may also incur substantial costs to recover our business functionality and our business activities, financial condition, results of operations and reputation may be adversely affected.

9. Operational Risk and Other Risks

(1) Operational Risk

Our business entails many types of operational risks. Examples include inappropriate sales practices; inadequate handling of client and customer complaints; inadequate internal communication of necessary information; misconduct of officers, employees, agents, franchisees, trading associates, vendors or other third parties; errors in the settlement of accounts and conflicts with employees concerning labor and workplace management.

When we offer new products or services, we must ensure that we have the capacity to properly undertake and perform such operations. If we lack such capacity or fail to perform such operations successfully, we may lose the confidence of the market and our customers, which may cause us to suffer decreased profitability or force us to withdraw from such operations.

Our management attempts to manage operational risk and maintain it at a level that we believe is appropriate. However, operational risk is part of the business environment in which we operate, and despite our control measures, our business activities, financial condition results of operations and reputation may be adversely affected at any time due to this risk.

(2) Our risk management may not be effective

We continuously seek to improve our risk management function. However, due to the rapid expansion of our business or significant changes in the business environment, our risk management may not always be effective. As a result, our business activities, financial condition and results of operations may be adversely affected. For a detailed discussion of our risk management system, see “Item 5. Operating and Financial Review and Prospects—Risk Management.”

(3) We may not be able to hire or retain qualified personnel

Our businesses require a considerable investment in human resources and the retention of qualified personnel in order to successfully compete in markets in Japan and overseas. If we cannot develop, hire or retain the necessary qualified personnel, we may incur additional costs to hire specialists or the quality of our products and services may decline, which could prevent us from continuing our business operation in a stable manner and adversely affect our business activities, financial condition and results of operations.

For further information about our initiatives related to human resources strategy, see “Item 4. Information on the Company—Sustainability at ORIX and Our Initiatives.”

(4) Our internal control over financial reporting in future periods may be found insufficient

We have established and assessed our internal control over financial reporting in a manner intended to ensure compliance with the requirements of various laws and regulations. However, in such cases as unpredictable problems should occur, the evaluation process of our internal control over financial reporting may be partially unfulfilled, or such problems may cause us to report the presence of material deficiencies in our internal control, which could cause a loss of investor confidence in the reliability of our financial statements and cause our share price to fall. As a result, our business activities, financial condition, results of operations and reputation may be adversely affected.

10. Risks Related to Holding or Trading our Shares and ADRs

(1) Rights of shareholders under Japanese law may be different from those under the laws of other jurisdictions

Our Articles of Incorporation, the regulations of our board of directors and the Companies Act govern our corporate affairs. Legal principles relating to matters such as the validity of corporate procedures, directors’ and officers’ fiduciary duties and shareholders’ rights are different from those that would apply if we were incorporated elsewhere. Shareholders’ rights under Japanese law are different in some respects from shareholders’ rights under the laws of jurisdictions within the United States and other countries. You may have more difficulty in asserting your rights as a shareholder than you would as a shareholder of a corporation organized in a jurisdiction outside Japan. For a detailed discussion of the relevant provisions of the Companies Act and our Articles of Incorporation, see “Item 10. Additional Information—Memorandum and Articles of Incorporation.”

(2) It may not be possible for investors to effect service of process within the United States upon ORIX or ORIX's directors or executive officers, or to enforce against ORIX or those persons judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States

ORIX is a joint stock corporation formed in Japan. Almost all of ORIX's directors and executive officers are residents of countries other than the United States. Although some of ORIX's subsidiaries have substantial assets in the United States, substantially all of ORIX's assets and the assets of ORIX's directors and executive officers are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon ORIX or ORIX's directors and executive officers or to enforce against ORIX or those persons, in U.S. courts, judgments of U.S. courts predicated upon the civil liability provisions of U.S. securities laws. ORIX has been advised by its Japanese counsel that there is doubt, in original actions or in actions to enforce judgments of U.S. courts, as to the enforceability in Japan of civil liabilities based solely on U.S. securities laws. A Japanese court may refuse to allow an original action based on U.S. securities laws.

The United States and Japan do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil or commercial matters. Therefore, if you obtain a civil judgment by a U.S. court, you will not necessarily be able to enforce such judgment directly in Japan.

(3) We may be a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. investors

We believe that we may have been a passive foreign investment company (a "PFIC") under the U.S. Internal Revenue Code of 1986, as amended, for the year to which this report relates because of the composition of our assets and the nature of our income. In addition, we may be a PFIC in the foreseeable future. Assuming this is the case, U.S. investors in our Shares or ADSs will be subject to special rules of taxation in respect of certain dividends or gains on such Shares or ADSs, including the treatment of gains realized on the disposition of, and certain dividends received on, the Shares or ADSs as ordinary income earned pro rata over a U.S. investor's holding period for such Shares or ADSs, taxed at the maximum rate applicable during the years in which such income is treated as earned, with the resulting tax liability subject to interest charges for a deemed deferral benefit. In addition, in the case of any dividends that are not subject to the foregoing rule, the favorable rates of tax applicable to certain dividends received by certain non-corporate U.S. investors would not be available. See "Item 10. Additional Information—Taxation—United States Taxation." Investors are urged to consult their own tax advisors regarding all aspects of the income tax consequences of investing in our Shares or ADSs.

(4) If you hold fewer than 100 Shares, you will not have all the rights of shareholders with 100 or more Shares

One "unit" of our Shares is comprised of one hundred Shares. Each unit of the Shares has one vote. A holder who owns Shares other than in multiples of one hundred will own less than a whole unit (i.e., for the portion constituting of fewer than one hundred Shares.) The Companies Act imposes significant restrictions on the rights of holders of shares constituting less than a whole unit, which include restrictions on the right to vote. Under the unit share system, a holder of Shares constituting less than a unit has the right to require ORIX to purchase its Shares and the right to require ORIX to sell it additional Shares to create a whole unit. However, a holder of ADRs is not permitted to withdraw underlying Shares representing less than one unit, which is equivalent to 100 ADSs, and, as a practical matter, is unable to require ORIX to purchase those underlying Shares. The unit share system, however, does not affect the transferability of ADSs, which may be transferred in lots of any number of whole ADSs.

(5) Foreign exchange fluctuations may affect the value of our securities and dividends

Market prices for our ADSs may decline if the value of the yen declines against the dollar. In addition, the dollar amount of cash dividends or other cash payments made to holders of ADSs will decline if the value of the yen declines against the dollar.

(6) A holder of ADRs has fewer rights than a shareholder and must act through the depositary to exercise those rights

The rights of shareholders under Japanese law to take various actions, including voting shares, receiving dividends and distributions, bringing derivative actions, examining a company's accounting books and records and exercising dissenters' rights, are available only to holders of record on a company's register of shareholders. The shares represented by our ADSs are registered in the name of a nominee of the depositary, through its custodian agent. Only the depositary is able to exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares represented by our ADSs as instructed by the holders of the ADRs representing such ADSs and will pay to those holders the dividends and distributions collected from us. However, a holder of ADRs will not be able to directly bring a derivative action, examine our accounting books and exercise dissenters' rights through the depositary unless the depositary specifically undertakes to exercise those rights and is indemnified to its satisfaction by the holder for doing so.

Item 4. Information on the Company

GENERAL

ORIX is a joint stock corporation (*kabushiki kaisha*) formed under Japanese law. Our principal place of business is at World Trade Center Building, SOUTH TOWER, 2-4-1 Hamamatsu-cho, Minato-ku, Tokyo 105-5135, Japan, and our phone number is: +81 3 3435 3000. Our general contact URL is <https://www.orix.co.jp/grp/en/contact/inquiry-eng.html> and our corporate website URL is: <https://www.orix.co.jp/grp/en>. The information on our website is not incorporated by reference into this annual report. ORIX Corporation USA is ORIX's agent in the United States, and its principal place of business is at 2001 Ross Avenue, Suite 1900, Dallas, Texas 75201, USA.

CORPORATE HISTORY

ORIX was established in April 1964 in Osaka, Japan as Orient Leasing Co., Ltd. by three trading companies and five banks that included Nichimen Corporation, Nissho Corporation and Iwai Corporation (presently Sojitz Corporation), the Sanwa Bank (presently The Bank of Mitsubishi UFJ, Ltd.), Toyo Trust & Banking (presently Mitsubishi UFJ Trust and Banking Corporation), the Industrial Bank of Japan and Nippon Kangyo Bank (presently Mizuho Bank, Ltd.), and the Bank of Kobe (presently Sumitomo Mitsui Banking Corporation).

Our initial development occurred during the period of sustained economic growth in Japan during the 1960s and the early 1970s. We capitalized on the growing demand in this period by expanding our portfolio of leasing assets.

During this time, our marketing strategy shifted from a focus on using the established networks of the trading companies and other initial shareholders to one that concentrated on independent marketing as the number of our branches expanded. In April 1970, we listed our Shares on the second section of the Osaka Securities Exchange. Since February 1973, our Shares had been listed on the first sections of the Tokyo Stock Exchange and the Osaka Securities Exchange (which was integrated into the Tokyo Stock Exchange in 2013). Since April 2022, we have transitioned from the First Section to the Prime Market under the restructure of the Tokyo Stock Exchange's market segments. ORIX was also listed on the first section of the Nagoya Stock Exchange from February 1973 to October 2004.

ORIX set up a number of specialized leasing companies to tap new market potential, starting with the establishment of Orient Auto Leasing Corporation (presently ORIX Auto Corporation) in 1973 and Orient Instrument Rentals Corporation (presently ORIX Rentec Corporation), Japan's first electric measuring equipment rental company, in 1976. With the establishment of the credit company Family Consumer Credit Corporation (ORIX Credit Corporation ("ORIX Credit")), concentrating on card loans) in 1979, ORIX began to move into the retail market by offering financing services to individuals.

It was also during this time that ORIX began expanding overseas, commencing with the establishment of its first overseas office in Hong Kong in 1971, followed by Singapore (1972), Malaysia (1973), Indonesia (1975), the Philippines (1977) and Thailand (1978).

In the 1980s and early 1990s, ORIX established offices in the United States (1981), Australia (1986), Pakistan (1986) and Taiwan (1991). The Japanese company Budget Rent-a-Car (presently ORIX Auto Corporation) was also established in 1985.

In 1989, we introduced a corporate identity program and changed our name to ORIX Corporation from Orient Leasing Co., Ltd. to reflect our increasingly international profile and diversification into financial services other than leasing.

In 1991, ORIX established ORIX Aviation Systems Limited in Ireland. In the same year, ORIX established ORIX Omaha Life Insurance Corporation (presently ORIX Life Insurance Corporation (“ORIX Life Insurance”)) and entered the life insurance business. In 1998, ORIX purchased Yamaichi Trust & Bank, Ltd. (presently ORIX Bank Corporation (“ORIX Bank”)). In 1998, ORIX listed on the New York Stock Exchange (Ticker Symbol: IX) and, through registration with the U.S. Securities and Exchange Commission (“SEC”), has worked to further strengthen its corporate governance regulations. ORIX Real Estate Corporation was established in 1999 to concentrate on condominium development that was first begun in 1993 as well as develop office buildings in pursuit of improved real estate expertise. In 1999, we established ORIX Asset Management and Loan Services Corporation.

Since 2000, we have actively expanded our automobile-related operations by acquiring companies and assets. We combined seven automobile-related companies into ORIX Auto Corporation in 2005.

We have also continued our overseas expansion. In China, we established a rental company in Tianjin in 2004 and in 2005 established a leasing company in Shanghai. In 2009, we established a Chinese Headquarters in Dalian. We also set up local subsidiaries in Saudi Arabia (2001), and the United Arab Emirates (2002).

In 2006, we entered the investment banking field in the United States with the acquisition of Houlihan Lokey, Inc. (All shares sold through a wholly-owned subsidiary ORIX USA in July 2019). In 2010, we acquired RED Capital Group (presently ORIX Real Estate Capital Holdings, LLC), a U.S.-based company that provides financing for multi-family, senior living and healthcare-related real estate development projects in the United States. In 2010, we also acquired Mariner Investment Group LLC, a leading independent SEC-registered hedge fund manager (All shares sold through a wholly-owned subsidiary ORIX USA in July 2020).

We managed ORIX Credit over a continuous three-year period jointly with Sumitomo Mitsui Banking Corporation pursuant to an alliance established in July 2009. In June 2012, ORIX purchased all the shares of ORIX Credit, making ORIX Credit a wholly-owned subsidiary of ORIX.

In July 2013, ORIX acquired Robeco Groep N.V. (presently ORIX Corporation Europe N.V. (“OCE”)), a holding company of global asset management companies based in the Netherlands, to pursue a new business model by combining finance with related services. In October 2016, ORIX purchased the remaining shares of Robeco, making Robeco a wholly-owned subsidiary of ORIX.

In July 2014, we acquired Hartford Life Insurance K.K. (presently ORIX Life Insurance). In December 2014, we acquired Yayoi Co., Ltd. (“Yayoi”), a software service provider targeting small businesses, which we sold in March 2022.

In December 2015, ORIX and VINCI Airports S.A.S., an airport concession holder and operator based in France, established Kansai Airports to operate and manage Kansai International Airport and Osaka International Airport.

In November 2018, ORIX acquired 30% of the shares of Avolon Holdings Limited (“Avolon”), a leading global aircraft leasing company located in Ireland.

In January 2019, ORIX made DAIKYO INCORPORATED (“DAIKYO”) a wholly-owned subsidiary due to the acquisition of common shares of DAIKYO through a tender offer.

In July 2021, ORIX acquired 80% of the shares of Elawan Energy S.L. (“Elawan”), a renewable energy company located in Spain. In February 2023, ORIX purchased the remaining shares of Elawan, making Elawan a wholly-owned subsidiary of ORIX.

In March 2024, ORIX sold 66% of the shares of ORIX Credit to NTT DoCoMo, Inc. ORIX Credit changed its name to DOCOMO Finance, Inc. in April 2025.

STRATEGY

ORIX Group Purpose & Culture

The Company has established “ORIX Group Purpose & Culture” in 2023, which is the basis for our medium- to long-term business strategy and targeted management indicators. Our Purpose and Culture is the foundation on which to foster an enhanced sense of unity globally and build our corporate value further into the future. Our Purpose defines why ORIX Group exists in our world and is at the core of everything we do. Our Culture is a set of shared values that ORIX Group employees around the world live and champion to achieve our Purpose.

[Our Purpose]

Finding Paths. Making Impact.

We combine innovative thinking and diverse expertise to find pathways to impact in a world of change.

[Our Culture]

- Find Power in Diversity
- Find Adventure in Challenge
- Find Opportunity in Change

Medium- to Long-term Business Strategy, “ORIX Group Growth Strategy”

In order to achieve the Purpose, after establishing the following three focus areas, we will bring about an impact on society through a business strategy that utilizes “Alternative Investment & Operations” and “Business Solutions”, two business models that ORIX has cultivated as its strengths over many years.

“PATHWAYS”: Find new pathways to impact in the future economy.

“GROWTH”: Support sustainable growth in a constantly changing world.

“IMPACT”: Deliver positive impact today for a planet with limited resources.

By combining the strengths of each segment and further strengthening collaborations in these areas, we will achieve business expansion with a sense of scale.

Target Performance Indicators

The Company positions ROE in addition to net income growth as its most important management indicators, and strives toward higher total shareholder return (TSR).

For stable shareholder returns, the Company will implement flexible stock buybacks while placing importance on ROE targets premised on continuing with a dividend distribution of “the higher value of a payout ratio of 39% or the result for the previous fiscal year” while maintaining financial soundness with an A equivalent credit rating.

Our performance indicators for each of the three fiscal years ended March 31, 2023, 2024 and 2025 are as follows.

		As of March 31,		
		2023	2024	2025
Net income attributable to ORIX Corporation shareholders . . .	(Millions of yen)	¥290,340	¥346,132	¥351,630
ROE*1	(%)	8.5	9.2	8.8

*1 ROE is the ratio of Net income attributable to ORIX Corporation shareholders for the period to average ORIX Corporation shareholders' equity based on fiscal year beginning and ending balances.

Operating Environment

During fiscal 2025, the global business environment was highly fluid due to the geopolitical tensions stemming from the Russia-Ukraine conflict and the Israel-Hamas conflict, global inflation, high energy prices, high interest rates in the United States and Europe, and economic recession in China. On the other hand, in Japan, financial markets gradually stabilized, accompanied by a recovery in economic activity, including inbound demand. In this environment, ORIX Group's profits increased in segments such as PE Investment and Concessions, and Aircraft and Ships, while profits decreased in segments such as Environment and Energy and Asia and Australia.

In the future, we expect continued stabilization of financial markets in Japan, but we expect that some uncertainty in the economic environment will continue due to remaining geopolitical risks and U.S. trade policy, including risks relating to tariffs. Considering these circumstances, ORIX Group is mindful of changes in the business conditions of its clients and investments.

Major Corporate Agenda

We are making various efforts to achieve sustainable growth as follows.

Promote Sustainability: A sustainability mindset has become fundamental to the growth and survival of companies amid constantly shifting economic, social, and environmental operating conditions. Based on this thinking, ORIX strives to accurately identify and assess the risks and opportunities arising from these economic, social, and environmental changes so that we may work with our stakeholders to contribute to the economic development and sustainable growth of the global community. Specifically, as part of our efforts to respond to the various material social and environmental issues we identified in November 2021, each business unit has been executing its own unique sustainability strategy reflecting the particular contributions it can make through its own industry area and business activities and the corporate function units have been strengthening our sustainability-related employee outreach and education, information disclosure, and policies.

Enhance risk management: We are formulating risk management policies and standards necessary for ORIX Group to achieve its management strategy and are creating mechanisms to continuously improve the effectiveness of structures and internal control systems for that purpose. In addition, we are making ongoing efforts to develop and enhance systems that can appropriately identify, evaluate, control, and manage risks.

Strengthen information security and promote digital transformation: We are promoting business process re-engineering through digital transformation and implementing measures for the security control of digitized management information. As a next step, we are considering effective uses for our extensive transactional data accumulated over the years, leveraging information technology to expand existing businesses and launch new ones.

Sustainability at ORIX and Our Initiatives

Overview

Since our founding, contributing to society by creating new value through our business activities has been fundamental to ORIX. Contributing to society and being a company that is valued by society are ORIX's motivation for sustainable growth.

In addition, operating with an awareness of sustainability has become fundamental to the survival of companies amid constantly shifting economic, societal and global environmental conditions. Based on these

principles, ORIX strives to accurately assess and identify the opportunities and risks arising from economic, societal and environmental changes in order to work with its stakeholders and community to contribute to the economic development and sustainable growth of the larger global community, and to incorporate those opportunities and risks into its corporate management.

1. Governance

ORIX has diverse businesses, and each business has a wide range of sustainability issues that either affect society or are affected by society. For this reason, we divide our sustainability efforts into two categories: the corporate (Group-wide) level and the business unit level.

The Sustainability Committee is responsible for sustainability at the corporate level. The Sustainability Committee implements ESG-related material issues and key goals Group-wide. It formulates strategic approaches, KPIs, and action protocols, and the results of its deliberations are reported to and approved by the Board of Directors. The Group CEO serves as chairperson for the committee. Committee members include the Group COO, Deputy President Executive Officer, Responsible for Corporate Function Unit, Executive Officers and others appointed by the Group CEO, and the committee is configured flexibly so other stakeholders can participate as necessary depending on the topic/agenda. Roles of the Sustainability Committee include:

- (a) Discussion of specific measures to achieve ESG-related key goals,
- (b) Discussion of any conflicts arising between short-term earnings and long-term growth,
- (c) Discussion of measures to reduce climate change risk following the TCFD (Task Force on Climate-related Financial Disclosures) framework,
- (d) Sharing of information on corporate sustainability developments both in Japan and overseas and
- (e) Discussion of matters to report to the Board of Directors.

The heads of the business units are responsible for sustainability at the business unit level. At Business Unit Strategy Meetings attended by internal directors and heads of business units, including top management, discussions are held as appropriate regarding the promotion of sustainability in each business unit, and these are also reported to the Sustainability Committee on a regular basis. Matters reported to the Sustainability Committee are also reported to the Board of Directors.

In our current Compensation Policy for Executive Officers (including those who concurrently serve as directors), the status of ESG initiatives has been added to the qualitative evaluation items for determining annual bonuses from the fiscal year ended March 31, 2022. In addition, progress of the key ESG-related goals for the ORIX Group has been added as a quantitative evaluation item for Executive Officers at the Managing Executive Officer level and above beginning in the fiscal year ended March 31, 2024 (hereinafter, fiscal 2024). The objective is to have directors and officers set an example by considering the impact of the efforts of each division on the environment, economy, and society in conducting corporate initiatives from a mid- to long-term perspective.

The Investment and Credit Committee (“ICC”) deliberates on individual investing and lending transactions. The chairperson is the Group CEO, and the members are executive officers and others appointed by the Group CEO. ORIX formulated its ORIX Sustainable Investing and Lending Policy with the mission of implementing sustainable investing and lending. Based on this policy, potential investing and lending transactions submitted to the ICC go through screening from an ESG perspective using our Sustainable Investing and Lending Checklist, a proprietary ORIX checklist based on international sustainability guidelines. The ICC decides whether to approve the project after consideration of the potential environmental and social effects of each individual transaction. The ICC considers the content and importance of the matters deliberated, and reports to the Board of Directors as necessary.

2. Strategy

In order to realize a sustainable society and achieve sustainable growth for ORIX, in November 2021 we set forth issues that we perceive as material in the fields of environment, society, and governance. We have positioned these issues as a mid- to long-term mission and are working on these issues at the corporate and business unit levels.

- (a) Material issues and focus areas to reduce climate-change related risks.
 - i. Set GHG emissions reduction goals.
 - ii. Continue to contribute to the development of renewable energy investment and production.
 - iii. Quantify and reduce our climate change-related risks and continue to implement TCFD recommendations.
 - iv. Continue to promote a circular economy and reduce and appropriately manage waste.
 - v. Formulate an exit strategy for existing exposure to high environmental risk business areas and create bright-line exclusion criteria in any new investing or lending.
 - vi. Work with our stakeholders to promote a healthier environment through goods and services that help mitigate adverse environmental impacts.
- (b) Material issues and focus areas to reduce social risks, including human rights risk.
 - i. Continue to strengthen our Sustainable Investing and Lending Policy, Code of Conduct, and risk management system to adequately cover new and emerging social risk areas.
 - ii. Share a common and agreed respect for fundamental human rights with all of our stakeholders such as support for the UN Universal Declaration of Human Rights, worker health and safety, diversity, equity and inclusion and non-discrimination.
 - iii. Continue to improve employee satisfaction by respecting the diversity of our employees and creating an inclusive working environment that promotes flexible working styles and provides career development support, fair performance review and compensation schemes, and employee health support systems.
- (c) Material issues and focus areas to strengthen governance based on transparency, compliance, and integrity.
 - i. Continue to strengthen the independence of the Board of Directors so that the Board may provide appropriate and effective oversight over the management's business execution from an independent and objective perspective.
 - ii. The Group CEO will be responsible for all execution matters including responding to these material issues under the oversight of the Board of Directors.
 - iii. Emphasis on client satisfaction and developing and offering sustainable products and services.
 - iv. Endeavour to gain and keep the trust of our clients in all of our business areas.
 - v. Promote a strong culture of compliance with all applicable laws and regulations, including paying our fair share of taxes.

3. Risk Management

ORIX collects a wide range of information, including information on changes in the external environment and information obtained through dialogue with stakeholders such as shareholders/investors, local communities,

customers, employees, suppliers, and business partners. The Sustainability Committee monitors and evaluates the achievement status of key issues, and considers revising key issues as necessary. The content of discussions at the Sustainability Committee is regularly reported to the Board of Directors for approval.

Business divisions collect information related to the characteristics of each business and continuously analyze sustainability risks and opportunities. Each business division establishes a sustainability promotion policy and KPIs to implement it, monitors and evaluates the progress of the policy at Business Unit Strategy Meetings, and considers revising the business plan as necessary.

Our Sustainable Investing and Lending Policy stipulates prohibited transactions, and excludes transactions with companies with human rights concerns and transactions related to specific sectors and business activities. For individual investment and loan projects, ORIX evaluates the project from an ESG perspective using our Sustainable Investing and Lending Checklist. We continue to monitor important ESG risks even after project execution.

We have also established a human rights policy as a guideline for promoting efforts to respect human rights. In April 2024, the ORIX Group revised this policy, expanding the scope of human rights from “its own employees and business partners” to include “suppliers and local communities,” and clarifying its policies on education and training, relief measures, disclosure, and other areas.

In addition, as disclosed in our UK Modern Slavery Act Statement, we review the risk profile of the different sectors and geographies in which we operate, maintain reporting mechanisms to encourage reporting of misconduct, and train our employees.

Regarding environmental issues, we have established an environmental policy and promote solutions to environmental and energy problems, compliance with laws and regulations, and information disclosure. In February 2024, this policy was revised to reflect the progress of those solutions.

Regarding supply chain management, to build a sustainable supply chain, ORIX works with its suppliers to establish firm and consistent compliance with laws and regulations related to occupational health and safety and environmental protection. In fiscal 2025, ORIX Auto Corporation, ORIX Real Estate Corporation, and ORIX Rentec Corporation worked on efforts such as organizing suppliers, risk analysis and evaluation, and establishing supplier action guidelines.

Regarding compliance and information security, we have established systems and internal regulations that cover the entire company, and we also conduct regular training for employees.

For employees, we conduct ORIX Group Employee Engagement Surveys. Results are used to identify trends in employee engagement and the degree to which the “ORIX Group Purpose & Culture” has penetrated the organization. Results are used to aid in organizational management of workplaces at ORIX Group companies and at ORIX Corporation. They are also utilized as a reference for deciding human resources measures for the ORIX Group or for verifying the effectiveness of current measures.

4. Metrics and Goals

In November 2021, we established certain key sustainability goals relating specifically to the ratio of outside directors, ratio of female directors, ratio of female management positions, reduction of GHG (CO₂) emissions and reduction of investment and credit balance in GHG (CO₂) emitting industries*, in order to link material issues to concrete actions. All key sustainability goals are subject to compliance with local law. For example, where diversity goals may be unlawful, the targets do not apply.

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

Addressing Climate Change

ORIX is actively promoting initiatives to reduce risks to the company and society due to climate change and the transition to a decarbonized society. Responses to climate change are being addressed both at the corporate level (Group-wide) and at the business unit level.

1. Governance

The Sustainability Committee is responsible for responding to climate change at the corporate level (Group-wide). At the Sustainability Committee, we discuss the results of scenario analysis based on the TCFD recommendations, the progress of efforts to reduce GHG emissions, global discussions on climate change, the expected trend of tightening regulations in the future, and the opinions received from business partners. The Sustainability Committee also reports the content of discussions to the Board of Directors and receives instructions as appropriate.

In business units, the heads of business units are responsible for responding to climate change risks. Specifically, for businesses with GHG emissions above a certain scale, we will plan and implement reduction measures. In addition, if the implementation of scenario analysis reveals the possibility that climate change risks will have a financial impact on the company above a certain scale, we will consider countermeasures. We will consider various methods that match the characteristics of each business, not limited to initiatives through our own businesses, such as reaching out to investees and borrowers, other business partners, and supply chains. The initiatives of business units are decided after discussions with internal directors, including top management, at Business Unit Strategy Meetings, and the details are reported to the Sustainability Committee and the Board of Directors.

2. Strategy

We conduct scenario analysis* for business units that are most affected by the risks and opportunities related to the physical and transition aspects of climate change. We then analyze the expected impact and reflect it in our Group-wide strategies and strategies for each business unit. The expected impact of the risks and opportunities is as follows.

(a) Physical Risks and Opportunities

ORIX is exposed to physical risks including higher costs due to business suspension and preventive measures or repairs for damage to operating facilities and offices, higher operating and construction expenses resulting from changing temperatures, higher credit costs from damage to customers, and loss of asset value from damage to investees.

(b) Transition Risks and Opportunities

ORIX is exposed to transition risks including business suspension, loss of asset value, stranded assets due to more stringent regulations, higher costs associated with carbon emissions, higher credit costs due to deterioration in customer performance, and decreased corporate value of high GHG-emission investees. Associated opportunities include increasing demand for renewable energy.

*Scenario analysis predicts how the business environment will change due to the physical impacts of climate change (“physical risks and opportunities”) and changes to government policy and consumer behavior (“transitions risks and opportunities”). ORIX has two scenarios: a 4°C scenario (average global temperature at the end of the 21st century is about 4°C higher than preindustrial levels) and a 1.5°C scenario (average global temperature increase at the end of this century can be kept at 1.5°C compared to pre-industrial levels).

3. Risk Management

The Sustainability Committee widely collects information on changes in the external environment and information obtained through dialogue with stakeholders, then reviews risks and opportunities, and assumptions for scenario analysis. We regularly analyze the impact on ORIX to confirm the adequacy of our strategies. The content of discussions at the Sustainability Committee is reported to the Board of Directors for approval.

4 Metrics and Goals

ORIX's Scope 1 and 2 GHG (CO₂) emissions in fiscal 2024 were 1,129 thousand tons. Compared to the baseline emissions of 1,266 thousand tons in the fiscal year ended March 31, 2020, this was a decrease of 137 thousand tons (decrease of about 10.8%). Emissions from the two coal biomass co-fired power plants amounted to 796 thousand tons, accounting for 70.6% of the total. Currently, we are working to reduce CO₂ emissions compared to coal-fired power plants of the same class by using approximately 35% biomass fuel for co-firing.

Addressing Human Capital

1. Strategy

(a) ORIX Group's Human Capital Management

ORIX Group has expanded outward from its core financial businesses into neighboring fields and has grown into a unique corporate group with a diversified business portfolio. We want to continue generating sustainable growth in an array of businesses, so we need to bring together diverse people with their own experience and skills and accelerate the fusion of knowledge that drives innovation. ORIX Group's approach to human capital management has the three components: instilling our unique core values that underlie our actions; enhancing our core capabilities, which serve as our capacity for organizational innovation; and providing a workplace in which diverse human resources can play an active role. The objective of our approach is to create new businesses and increase the value of existing operations to generate sustainable business growth.

i. Instill core values

We define the core values of human capital management as realizing sustainable business growth that befits ORIX with behaviors that are aligned with the three values defined in the ORIX Group Purpose & Culture.

Human Capital Management Goals for Behaviors Arising from The Three Values

Three Values	Behaviors
Find Power in Diversity	Share ideas and collaborate, explore different perspectives and transcend boundaries.
Find Adventure in Challenge	Strive for originality and identify opportunities and risks while seeking adventure in new challenges.
Find Opportunity in Change	Recognize trends from a big-picture perspective, act promptly on signs of change, and find opportunities to evolve.

ii. Enhance core capabilities

ORIX Group's core capabilities are the unique organizational transformation capabilities that come from the expertise gained in growing a diverse business portfolio. We define 'Multi-capability' as the power to drive entire businesses from a management perspective, which emerges from the combination of the three core capabilities.

Our Core Capabilities

Business Design
The ability to create new businesses and services

Value Enhancement
The ability to increase the value of businesses

Risk Management
The ability to identify and assess business risks

Generating new business opportunities by anticipating emerging market and customer demands helps ORIX Group grow.

Enhancing the quality of services and operations helps ORIX Group increase the value and profitability of existing businesses.

Accurately assessing business risks and returns helps ORIX Group make appropriate decisions for business growth.

iii. Provide a workplace in which diverse human resources can play an active role

ORIX Group has created a series of valuable new businesses by bringing together diverse talent and engaging in ongoing discussions across organizational boundaries. Sustainable business growth requires a workplace in which diverse human resources can play an active role as the basis for instilling core values and enhancing core capabilities. We therefore accept people with diverse backgrounds and values, regardless of gender, nationality, or age, and are committed to maintaining a workplace in which employees can work in their own way with peace of mind

(b) Specific Initiatives and Achievements

i. Promoting Diversity, Equity & Inclusion

We promote various initiatives to support flexible working styles and ensure that employees feel motivated to work, fostering an inclusive and respectful environment for our diverse workforce. ORIX also focuses on recruiting mid-career employees and conducting overseas hiring for new graduates outside of Japan.

Creating a work environment where employees can work healthily and with peace of mind

In line with a policy of developing a wide range of options so that each employee can combine and utilize personnel systems according to their situation, we are promoting flexible working styles by establishing telecommuting systems, a super flextime system (flextime system without core working hours), an hourly paid leave system, satellite offices and well-equipped mobile work environments.

Women's success in the workplace and creating an environment that supports work-life balance and shared parenting

Taking the lead in women's active participation in the workplace from a very early stage, ORIX began recruiting female university graduates for comprehensive work positions in 1982 before the enforcement of Japan's Equal Employment Opportunity Law in 1986. To enable individuals to build their careers regardless of gender and participate in decision-making processes, we offer mentoring programs with department heads at the managerial level and facilitate external exchanges through cross-industry study groups. Additionally, in our selective training programs, we ensure equal opportunities by striving to align the gender ratio of participants with that of our workforce. To create a pipeline for future female leaders, we visualize the pipeline in collaboration with business segment leaders and the HR department, promoting the appointment of qualified individuals to management roles and providing appropriate job assignments based on their motivation and abilities to support their career development.

In addition, as part of our efforts to support women's success in the workplace, we offer work-life balance seminars in which couples can participate and promote childcare leave for men. We are also committed to creating an environment that supports dual-income and shared parenting. Furthermore, we are actively working to raise awareness among all employees about the importance of creating a workplace where diverse talent, including women, can thrive.

ii. Human resource development and autonomous career development support

ORIX places great importance on knowledge and growth gained through business activities, considering them to be pillars of development. As a foundation to support these efforts, in addition to various training systems and self-development support systems, we have established a fair performance review and compensation scheme to increase employee motivation. By working to develop employee growth with responsibility and enhancing communication with employees, we invest in the future of our employees.

At the same time, ORIX supports the growth of employees by providing them with opportunities and an environment that enables them to make their own career choices by supplying practical information to help chart their mid- to long-term careers as well as opportunities to acquire skills in new fields. Specifically, through systems such as the internal intern program—where employees can work in a department of their choice for a designated period—and the career challenge program, which allows employees to directly appeal to a department to which they wish to transfer, ORIX allows employees to encounter and experience various work environments and jobs while remaining within the company. In addition to these, ORIX has established a career consultation service where employees can seek advice from qualified professionals both within and outside the company. These foster increased employee motivation, encourage active challenges, and support autonomous career development. Furthermore, the “Self-application system,” which allows employees to directly state to the human resources department where they wish to transfer, is available for all employees once a year, and is used by employees as a great opportunity to think about their own careers.

2 Metrics and Goals

We have set a key goal to improve employee satisfaction by creating an inclusive working environment that promotes flexible working styles and provides career development support, fair performance review and compensation schemes, as well as employee health support systems.

By implementing the above strategy, we pursue initiatives to increase the ratio of female managers, which is one of our key goals of promoting active participation by employees. It is also an important benchmark for degree of participation in decision making and equal leadership opportunities of employees from diverse backgrounds.

As of the end of March 2025, the ratio of female managers in the ORIX Group was 33.2% for ORIX on a non-consolidated basis and 28.8% for 9 Group companies in Japan.

* The 9 Group Companies in Japan (ORIX Corporation, ORIX Auto Corporation, ORIX Rentec Corporation, ORIX Asset Management & Loan Services Corporation, ORIX Real Estate Corporation, ORIX Environmental Resources Management Corporation, ORIX Life Insurance Corporation, ORIX Bank Corporation and ORIX Computer Systems Corporation) jointly operate as part of the ORIX Group’s personnel strategy and personnel systems.

PROFILE OF BUSINESS BY SEGMENT

For a discussion of the basis for the breakdown of segments, see Note 32 of “Item 18. Financial Statements.” The following table shows a breakdown of profits by segment for fiscal 2023, 2024 and 2025.

Since April 1, 2023, segment profits have been calculated with a broadened scope of profit sharing for inter-segment collaboration. As a result, segment data for fiscal 2023 has been retrospectively reclassified.

Since April 1, 2024, the interest expense allocation method for each segment was changed to include a part of interest expenses in corporate profits (losses) in the reconciliation of segment profits to the condensed

consolidated financial statement amounts. As a result, segment data for fiscal 2023 and 2024 have been retrospectively reclassified.

	Years ended March 31,		
	2023	2024	2025
	(Millions of yen)		
Corporate Financial Services and Maintenance Leasing	¥ 76,739	¥ 83,244	¥ 90,329
Real Estate	52,532	67,055	70,541
PE Investment and Concession	3,159	43,967	98,872
Environment and Energy	37,173	38,072	(4,923)
Insurance	63,344	70,826	74,399
Banking and Credit	38,127	97,353	29,291
Aircraft and Ships	30,486	44,366	67,420
ORIX USA	58,608	27,931	39,915
ORIX Europe	44,486	41,638	44,373
Asia and Australia	43,856	47,069	34,451
Total segment profits	448,510	561,521	544,668
Difference between segment total and consolidated amounts	(56,332)	(91,546)	(64,205)
Total Consolidated Amounts	<u>¥392,178</u>	<u>¥469,975</u>	<u>¥480,463</u>

Each of our segments is briefly described below.

BUSINESS SEGMENTS

ORIX Group organizes its businesses into ten segments to facilitate strategy formulation, resource allocation and portfolio balancing at the segment level. These ten business segments are: Corporate Financial Services and Maintenance Leasing, Real Estate, PE Investment and Concession, Environment and Energy, Insurance, Banking and Credit, Aircraft and Ships, ORIX USA, ORIX Europe, Asia and Australia. Management believes that organizing our business into large, strategic units allows us to maximize our corporate value by identifying and cultivating strategic advantages vis-à-vis anticipated competitors in each area and by helping ORIX Group achieve competitive advantage overall.

An overview of operations, operating environment and operating strategy for each of the ten segments follows. However, the operating strategy of each business may change in the future due to macroeconomic and other developments, for example those relating to the Russia/Ukraine conflict, supply chain issues and inflation, and the impact of market volatility and potential economic or geopolitical instability around the world.

Corporate Financial Services and Maintenance Leasing

This segment consists of finance and fee business; leasing and rental of automobiles, electronic measuring instruments, and ICT-related equipment.

In corporate financial services, we are engaged in financial businesses with a focus on profitability, and fee businesses by providing life insurance and real estate brokerage products and services to domestic small and medium-sized enterprise customers, as well as business succession support and M&A broking. In the automobile-related businesses, we possess an industry-leading number of fleets and provide one-stop access to a full range of automobile services. In the rental business operated by ORIX Rentec Corporation, we are not only providing electronic measuring instruments and ICT-related equipment lending, but we are also developing new services relating to robots, 3D printing, etc.

Real Estate

This segment consists of real estate development, rental and management, facility operation, and real estate asset management.

We are promoting portfolio rebalancing by taking advantage of favorable market conditions, while also making carefully selected investments in real estate projects based on thorough assessments of profitability and risk, in light of rising construction costs and other external factors. To stabilize our earnings base, we are developing businesses that are less susceptible to real estate market fluctuations, such as asset management, housing-related businesses focused on residential condominium development, and the operation of hotels and Japanese inns. From an operational perspective, we are working to strengthen the entire value chain by improving efficiency and service quality, including the use of digital transformation.

PE Investment and Concession

This segment consists of private equity investment and concession.

In the private equity business, we aim to enhance the corporate value of investees and to earn sustainable gains on sales through rebalancing our portfolio. We are expanding investments in our focus industries and, in addition to rollups starting from existing investees, we seek to capture investment opportunities arising from business succession needs due to the absence of a successor, as well as carve-outs and take-private transactions as part of corporate restructurings. We also seek diversified investment methods. In the concession business, we aim to strengthen our operations in the three airports in Kansai (Kansai International Airport, Osaka International Airport and Kobe Airport), and proactively engage in the operation of public infrastructures other than airports.

Environment and Energy

This segment consists of domestic and overseas renewable energy, electric power retailing, ESCO services, sales of solar panels, and recycling and waste management.

We aim to increase services revenue as a comprehensive energy service provider by promoting our renewable energy business and electric power retailing business. In our solar power generation business, we have owned and operated one of the largest solar power capacities in total in Japan. We intend to accelerate our renewable energy business overseas by utilizing the expertise we have gained in the domestic market. In the recycling and waste management business, we are making new investments in facilities with the aim of further expansion of business. We are accelerating the restructuring of our business portfolio through capital recycling.

Insurance

This segment consists of life insurance.

In the life insurance business, we sell life insurance through agents, banks and other financial institutions, face-to-face sales through our own consulting services, and online sales. With a core policy in product development to promptly provide products that meet the diverse and evolving needs of our customers, we constantly expand the product lineup and aim to increase corporate value. In addition, we are improving investment returns by expanding investments in high-yield assets, including alternative assets, and by flexibly reallocating our investment portfolio.

Banking and Credit

This segment consists of banking and consumer finance.

In the banking business, we aim to improve profitability by expanding the scope of our merchant banking operations in addition to the origination of real estate investment loans, which remains the core of our banking business. In the consumer finance business, we aim to enhance our personal financial services by forming joint ventures with companies that have a strong customer and business base.

Aircraft and Ships

This segment consists of aircraft investment and management, and ship-related finance and investment, maritime asset management and ship brokerage.

In the aircraft-related business, we are focusing on a wide range of profit opportunities, including operating leases of owned aircraft, sale of aircraft to investors, and asset management services for aircraft owned by domestic and overseas investors. We aim for medium- and long-term growth by further enhancing our presence in the global aircraft-leasing market through various initiatives, including mutually complementary relationships with Avolon. In the ship-related business, we are promoting asset replacement based on market conditions, expanding fee income by arranging investments in ships for domestic corporate investors, and pursuing business expansion in terms of scale and scope through strategic acquisitions.

ORIX USA

This segment consists of finance, investment, and asset management in the Americas.

ORIX Corporation USA is strategically expanding its business domains and developing a diverse range of businesses, including corporate finance, bond investment, real estate finance, and private equity investment. In addition, by managing third-party off-balance sheet assets, we are working to appropriately control asset size and secure stable fee income, while aiming to improve capital efficiency and achieve sustainable profit growth.

ORIX Europe

This segment consists of asset management of global equity and fixed income.

In this segment we are engaged in the asset management business through investments in stocks, bonds, etc. In addition to the focus on expanding the existing businesses by leveraging our expertise as a pioneer in sustainable investment, we are working to increase assets under management and enhance profitability through initiatives such as broadening our lineup of active ETFs and offering white-label products. We are also engaged in capturing a wide range of business opportunities including M&A as the strategic business location of ORIX Group in Europe.

Asia and Australia

This segment consists of finance and investment businesses in Asia and Australia.

Our overseas subsidiaries are primarily engaged in financial services such as leasing and lending across Asian countries and Australia and also invest in private equity in Asian countries, particularly in China. We will further enhance the functions of our overseas subsidiaries and further invest in targeted markets in order to expand our business with an emphasis on profitability.

DIVISIONS, MAJOR SUBSIDIARIES AND AFFILIATES

A list of major subsidiaries and affiliates can be found in Exhibit 8.1.

CAPITAL PRINCIPAL EXPENDITURES AND DIVESTITURES

We are a financial services company with significant leasing, lending, real estate development and other operations based on investment in tangible assets. As such, we are continually acquiring and developing such assets as part of our business. A detailed discussion of these activities is presented elsewhere in this annual report, including in other parts of “Item 4. Information on the Company” and in “Item 5. Operating and Financial Review and Prospects.”

In general, we seek to expand and deepen our product and service offerings and enhance our financial performance through acquisitions of businesses or assets. We continually review acquisition opportunities, and selectively pursue such opportunities. We have in the past deployed a significant amount of capital for acquisition activities and expect to continue to make investments, on a selective basis. For a discussion of certain of our past acquisitions, see “Item 4. Information on the Company—Corporate History.”

PROPERTY, PLANT AND EQUIPMENT

As our primary business is to provide various financial services to our clients, we do not own any material factories or facilities that manufacture products. We have no plans to build any factories that manufacture products.

The following table shows the book values of the primary facilities we own, which include three office buildings and a hotel.

	As of March 31, 2025	
	Book Value*1	Land Space*2
	(Millions of yen)	(Thousands of m ²)
Office building (Tachikawa, Tokyo)	¥ 8,048	2
Office building (Shiba, Minato-ku, Tokyo)	30,800	2
Office building (Osaka, Osaka)	9,108	2
Hotel (Beppu, Oita)*3	52,770	166

*1 Right-of-use assets (hereinafter, “ROU assets”) are included in the book value.

*2 Land space is provided only for those facilities where we own the land.

*3 Book value of hotel (Beppu, Oita) includes advances for property under facility operations of ¥3 million.

Our operations are generally conducted in leased office space in cities throughout Japan and in other countries in which we operate. We believe our leased office space is suitable and adequate for our needs. We utilize, or expect to utilize in the near future, substantially all of our leased office space.

We own office buildings, apartment buildings and recreational facilities for our employees and others with an aggregate book value of ¥191,957 million as of March 31, 2025.

As of March 31, 2025, the acquisition cost of equipment we held for operating leases amounted to ¥2,795,246 million, consisting of ¥1,912,604 million of transportation equipment, ¥436,122 million of measuring and information-related equipment, ¥364,004 million of real estate and ¥82,516 million of others, before accumulated depreciation. Accumulated depreciation on equipment held for operating leases was ¥946,341 million. We also recognized ¥73,518 million of ROU assets of operating leases, ¥46,248 million of accrued rental receivables and ¥(1,493) million of allowance for doubtful receivables on operating leases as of the same date.

As of March 31, 2025, we have no plans for construction of significant new office facilities, property under facility operations and operating lease equipment and property.

SEASONALITY

Our business is not materially affected by seasonality.

RAW MATERIALS

Our business does not materially depend on the supply of raw materials.

PATENTS, LICENSES AND CONTRACTS

Our business and profitability are not materially dependent on any patents or licenses, industrial, commercial or financial contracts, or new manufacturing processes.

BUSINESS REGULATION

ORIX and its group companies in Japan are incorporated under, and our corporate activities are primarily governed by, the Companies Act and other Japanese laws. However, because certain of ORIX's group companies are organized in jurisdictions other than Japan, and ORIX and its group companies are involved in diverse businesses, joint ventures and acquisitions in overseas jurisdictions, including in the United States, Europe, Asia and Oceania, we are subject to various laws and regulations in each jurisdiction in which they are organized or operate, including, but not limited to, regulations relating to corporate governance, business and investment approvals, competition, anti-corruption, anti-money laundering and terrorism financing, consumer and business taxation, foreign exchange controls, intellectual property and personal information protection. In recent years, there has been an increasing number of laws and regulations on competition, anti-corruption, anti-money laundering and terrorism financing, and personal data protection that can apply directly to business activities taking place outside of the jurisdiction that enacted such law or regulation (extraterritorial application). Given the need for ORIX and its group companies to deal with the laws and regulations of multiple countries on each legal topic, there has been a tendency for costs to increase as a result of the increasing number of laws and regulations that need to be assessed. In addition, there is an increasing number of cases where significant fines and penalties have been imposed for violations of such laws and regulations. For example, fines for violations of the European Union's General Data Protection Regulation can be up to 4% of total global turnover and fines for violations of the U.S. Foreign Corrupt Practices Act can be up to twice the benefit sought, in addition to penalties such as disgorgement of profits and prejudgment interest.

The next section describes the main laws and regulations applicable to each of our business segments.

1. Corporate Financial Services and Maintenance Leasing

ORIX and certain of our group companies are engaged in the moneylending business in Japan. The Moneylending Business Act requires that all companies engaged in moneylending business register with the Prime Minister or the relevant prefectural governors. Moneylenders permitted to register are regulated by the Financial Services Agency ("FSA"), and are required to file various notifications and provide documents such as their annual business reports. Further, moneylenders are required to comply with applicable laws and to establish an internal management system to ensure the appropriate management of money lending operations. These obligations are supervised by the FSA. Accordingly, pursuant to the Moneylending Business Act, ORIX and certain of our group companies have registered with the Prime Minister or various prefectural governors, established the necessary internal systems, and provide the necessary reporting and notification to the FSA. The FSA has the power to issue business improvement orders, suspend all or part of a money lender's activities, or to revoke the registration of a moneylender that has violated the law, depending on the severity of the violation.

Certain businesses conducted by ORIX and our group companies are governed by the Financial Instruments and Exchange Act. The act was established to regulate activities such as the issuance, sale and purchase of stocks and other securities in order to protect investors and facilitate finance, and requires that any person conducting such activities register with the Prime Minister as a “financial instruments traders.” Financial instruments traders are divided among four classifications depending on the type of business: (1) Type I Financial Instruments Business (2) Type II Financial Instruments Business, (3) Investment Management Business, and (4) Investment Advisory and Agency Business, and companies in the Corporate Financial Services and Maintenance Leasing segment conducting such activities are registered with the Prime Minister as Type II Financial Instruments Business. Registered financial instruments traders are obligated to establish an internal management system to ensure compliance with relevant laws and regulations and appropriate management of its business, as well as to provide and deliver material information and explain risks to their customers. The relevant supervisory authority, the FSA, monitors registered financial instruments traders and has the power to order improvement of a business, or suspension of a part or the whole of a business, or to revoke the registration of such a trader that has violated the law, depending on the severity of the violation:

While the ORIX Group includes a life insurance company engaged in the insurance business, ORIX and certain of our group companies are also separately registered with the Prime Minister as insurance agencies for life insurance and/or non-life insurance and are subject to Insurance Business Act. As insurance agencies, the companies are obligated to establish certain systems and provide and deliver material information and explain risks to their customers. In the event an insurance agency violates such obligations, the FSA has the power to order improvement of a business, or suspension of a part or the whole of a business, or to revoke the registration of the insurance agency that has violated the law, depending on the severity of the violation. For information on regulations applicable to our insurance business other than our insurance agencies, see “—5. *Insurance*” below.

Leasing and rental businesses generally do not require registration or licenses. However, the renting of automobiles (operation of a car rental business) and car-sharing business is subject to licensing by the Minister of the Ministry of Land, Infrastructure Transport and Tourism (“MLIT”). In addition, the leasing or renting of some types of goods may require compliance with regulations that specify reporting or notification obligations based on certain characteristics of the goods.

2. Real Estate

There are various regulations that apply to real estate activities. Certain of our group companies have obtained Construction Business Licenses from MLIT for constructing buildings and conducting interior finishing work. Furthermore, ORIX and certain of our group companies, including ORIX Real Estate Corporation and DAIKYO, are required to be licensed by MLIT or relevant prefectural governors under the Building Lots and Buildings Transaction Business Act to engage in activities such as the buying and selling land and buildings in Japan, and their operations are regulated by such laws, including the maintenance of registered real estate transaction managers on staff and the duty to provide and deliver material information to counterparties.

In addition, lodging facilities, such as Japanese inns and hotels, operated by ORIX Hotel Management Corporation have licenses from relevant prefectural governors under the Inns and Hotels Act, etc.

ORIX’s wholly owned subsidiaries ORIX Asset Management Corporation (“OAM”) and ORIX Real Estate Investment Advisors Corporation (“ORIA”) are each registered with the Prime Minister under the Financial Instruments and Exchange Act as an investment manager and regulated by the FSA. ORIA is also registered to engage in the Type II Financial Instruments Business and the Investment Advisory and Agency Business. Under the Financial Instruments and Exchange Act, any entity possessing voting rights in an investment manager at or above a specified threshold is considered a major shareholder and must report its shareholding to the Prime Minister. ORIX has filed such report as a major shareholder of OAM and ORIA.

3. PE Investment and Concession

ORIX conducts investment activities in a broad range of fields without regard for the specific industry. Due to this, we are subject to a wide variety of regulations, including those that are applicable to our investment activities and those that apply due to the type of business conducted by our investees. ORIX is generally less directly involved in the management of its investees in comparison to group companies in other segments, but it is necessary for us to pay attention to regulations that apply to our investees so that we can monitor their management.

4. Environment and Energy

The businesses that comprise our renewable energy business, such as our solar power generation business, are subject to and must comply with various requirements and regulations in the jurisdictions where they operate, including the Electricity Business Act, Environmental Impact Assessment Act and Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities in Japan and similar laws and regulations in other jurisdictions, when setting up a power generation facility, including business notification requirements, regulations relating to the facility location, and other various regulations, such as those designed to protect the environment and visual landscape and ensure safety from the perspective of disaster prevention.

5. Insurance

In order to engage in the life insurance business, ORIX Life Insurance has obtained and maintains a license from the Prime Minister under the Insurance Business Act. The relevant supervisory authority, the FSA, has the power to conduct broad supervision and guidance of the life insurance industry and to issue business improvement orders, suspend all or part of an insurance company's activities, or to revoke the license of an insurance company that has violated the law or that has been determined to have an insufficient internal management system, depending on the severity of the violation or insufficiency. It is also generally necessary to receive FSA approval for the sale of new products and to revise pricing terms for existing products.

Any entity attempting to acquire voting rights in an insurance company at or above a specified threshold must receive permission from the Prime Minister in accordance with the Insurance Business Act. ORIX has received such permission as a major shareholder of ORIX Life Insurance.

6. Banking and Credit

ORIX Bank is licensed by the Prime Minister to engage in the banking and trust business and is regulated under the Banking Act and the Act on Engagement in Trust Business by Financial Institutions. The Banking Act governs the general banking business and the Act on Engagement in Trust Business by Financial Institutions and the Trust Business Act govern the trust business. A bank must establish a system for the protection of customers' interests, which is supervised by the FSA.

In addition, any entity that attempts to obtain voting rights in a bank at or above a specified threshold must receive permission from the Prime Minister in accordance with the Banking Act. ORIX has received such permission as a major shareholder of ORIX Bank.

7. Aircraft and Ships

The business of leasing aircraft and ships generally does not require a license, however it is necessary to register the ownership of aircraft and ships. In most jurisdictions, the lessee under an aircraft lease is responsible for registering the aircraft, while the lessor under a ship lease registers the ship with the appropriate flag state. In the case of ship leases, there are certain regulations that we must comply with because they apply directly not just to the lessee but also the lessor, such as environmental regulations.

8. ORIX USA

Certain of our businesses in our ORIX USA segment are subject to extensive regulation in the United States. Certain subsidiaries of ORIX Corporation USA manage private investments, collateralized loan obligations and separately managed accounts and are registered as investment advisers with the SEC under the U.S. Investment Advisers Act of 1940, as amended (“Advisers Act”) and are subject to the requirements and regulations of the Advisers Act. Such requirements relate to, among other things, fiduciary duties to advisory clients, maintaining an effective compliance program and code of ethics, operational and marketing requirements, recordkeeping and reporting requirements, disclosure obligations and general anti-fraud prohibitions.

Lument Securities, a wholly owned subsidiary of ORIX Corporation USA, through which we conduct an investment banking, private placement and municipal securities business, is registered as a broker-dealer with the SEC and the Financial Industry Regulatory Authority (“FINRA”). Lument Securities is a municipal securities dealer registered with the SEC and the Municipal Securities Rulemaking Board (“MSRB”), and hence is subject to regulation and oversight by the SEC, FINRA, and the MSRB. Lument Securities is registered as a broker-dealer in 53 U.S. jurisdictions, and as a result is a member of and is subject to regulation by FINRA, a self-regulatory organization subject to oversight by the SEC that adopts and enforces rules governing the conduct, and examines the activities, of its member firms. State securities regulators also have regulatory oversight authority over Lument Securities. Broker-dealers are subject to regulations that cover all aspects of the securities business, including, among others, the implementation of a supervisory control system over the securities business, advertising and sales practices, conduct of and compensation in connection with public securities offerings, maintenance of adequate net capital, record keeping and the conduct and qualifications of employees.

By virtue of their involvement in the multifamily and seniors housing mortgage lending business, Lument and its mortgage company subsidiaries must comply with rules and regulations administered by the Government National Mortgage Association, the Federal National Mortgage Association, the Department of Housing and Urban Development/Federal Housing Administration, the United States Department of Agriculture, and the Federal Home Loan Mortgage Corporation.

Certain of ORIX Corporation USA’s subsidiaries are licensed California Finance Lenders.

Boston Financial Investment Management, LP (“Boston Financial”), a subsidiary of ORIX Corporation USA, is a provider of syndication services as well as asset and portfolio management in the U.S. Low Income Housing Tax Credit (“LIHTC”) industry in connection with financing for the construction and rehabilitation of affordable housing. As the beneficiary of tax credits and often other subsidy and loan programs, a LIHTC property is typically regulated at the U.S. federal, state, and local levels. Further, day-to-day responsibility of the property resides with a third party property level general partner, who in addition to directing the agent that manages the property, has responsibility for compliance with applicable laws and regulations. As the general partner of the investment fund which invests as a limited partner in the property level partnership, Boston Financial monitors such compliance on behalf of the fund. In addition to LIHTC, certain Boston Financial sponsored investment funds invest in affordable housing with a social sustainability focus. These investments share a similar structure to the LIHTC investments, but do not involve tax credits.

American Community Capital, LLC, a wholly owned subsidiary of Boston Financial, is certified as a Community Development Financial Institution (“CDFI”) eligible to serve a national low-income targeted population by the U.S. Department of the Treasury’s Community Development Financial Institutions Fund and is required to submit annual filings with the U.S. Department of Treasury to maintain its CDFI designation.

9. ORIX Europe

Certain of our businesses in our ORIX Europe segment, which includes entities and businesses that are organized in or operating in jurisdictions outside of Europe, are subject to extensive regulation in various jurisdictions across Europe, the United States and Asia.

Dutch-regulated subsidiaries of OCE are subject to European financial supervisory regulation, including, amongst others and as the case may be, the Alternative Investment Fund Managers Directive, the Undertakings for Collective Investment in Transferable Securities (“UCITS”) Directive, the Markets in Financial Instruments Directive, the European Market Infrastructure Regulation, the Market Abuse Regulation, the 5th Anti-Money Laundering Directive, the Benchmark Regulation, the Securities Financing Transactions Regulation and the Shareholder Rights Directive II. A Swiss regulated subsidiary of OCE is subject to the Swiss equivalent of these financial supervisory regulations (such as the Federal Act on Collective Investment Schemes, the Federal Ordinance on Collective Investment Schemes, the FINMA Collective Investment Schemes Ordinance, the Financial Services Act, the Financial Institutions Act, the Anti-Money Laundering Act, the Anti-Money Laundering Ordinance, the FINMA Anti-Money Laundering Ordinance). UK-regulated subsidiaries of OCE are subject to the UK Financial Conduct Authority (“FCA”) Conduct of Business Sourcebook. U.S.-regulated subsidiaries of OCE are subject to regulation, primarily at the federal level, by, as the case may be, the SEC, Department of Labor, Federal Reserve, Office of the Comptroller of the Currency, FINRA, National Futures Association (“NFA”), Department of Justice, Commodity Futures Trading Commission (“CFTC”) and New Hampshire Banking Department (“NHBD”), as well as being subject to the Advisers Act.

Robeco Institutional Asset Management B.V. (“RIAM”), a subsidiary of OCE and part of the Robeco group, is registered as an alternative investment fund manager (“AIFM”) and fund manager of UCITS in the Netherlands and regulated by the Dutch Authority for the Financial Markets (“AFM”) and the Dutch Central Bank (“DNB”). RIAM is also licensed and registered with regulators in other jurisdictions, including those in Canada, China, India, Korea and Singapore. Furthermore, RIAM has branches and representative offices worldwide, including in Dubai, Germany, Spain and Italy, each of which either benefits from RIAM’s European passport or is subject to regulatory supervision by local regulators.

Certain other subsidiaries of OCE located across Europe, the United States and Asia that are affiliated with the Robeco group are registered, licensed or approved, as the case may be, by regulators in the jurisdictions in which they operate and subject to local regulations regarding their businesses. Such regulators include the Swiss Financial Market Supervisory Authority (“FINMA”), AFM, FCA, SEC, Securities & Futures Commission of Hong Kong, Financial Services Commission of Korea (“FSC”), Australian Securities and Investments Commission, Asset Management Association of China and Monetary Authority of Singapore.

Transtrend B.V., a wholly owned subsidiary of OCE that offers asset management and commodity trading advisory services, is registered as an AIFM in the Netherlands and regulated by the AFM and DNB. Transtrend is also registered with the NFA, regulated by the CFTC and licensed by the China Securities Regulatory Commission.

Boston Partners Global Investors, Inc. (“Boston Partners”) is a subsidiary of OCE and registered with the SEC as an investment adviser. Boston Partners is also a member of the NFA and is registered as a commodity pool operator and as a commodity trading adviser with the CFTC. Furthermore, Boston Partners is registered with the FSC. Certain subsidiaries of Boston Partners located in the United States and the United Kingdom are also registered with the SEC, New Hampshire Banking Department (“NHBD”), FINRA, the Ontario Securities Commission (“OSC”) and the FCA.

Harbor Capital Advisors, Inc. (“Harbor”) is a subsidiary of OCE and is registered with the SEC as an investment adviser. Harbor is also a member of the NFA and is registered as a commodity pool operator with the CFTC. Certain subsidiaries of Harbor are registered with the SEC, NHBD and a member of FINRA.

Gravis Capital Management Ltd (“Gravis”), a subsidiary of OCE, is a UK asset manager and is authorized as a full-scope UK AIFM by the FCA. A subsidiary of Gravis is also authorized by the FCA.

10. Asia and Australia

Our group companies in our Asia and Australia segment are subject to the laws and regulations of the various jurisdictions across Asia and Oceania in which they operate. Many of the businesses are also subject to

oversight by regulatory authorities in those jurisdictions due to the industries in which they operate, particularly those businesses that offer of financial services, such as leasing, lending and banking. Regulatory authorities in these jurisdictions have authority with respect to financial services and can grant, suspend or cancel licenses or registrations that are necessary for our businesses to conduct certain of their operations.

Among group companies in the segment, ORIX Asia Limited is registered with the Hong Kong Monetary Authority as a restricted license bank. A wholly owned subsidiary of ORIX Leasing Malaysia Berhad has a money lending license from the Malaysia Ministry of Housing and Local Government, and is registered with Bank Negara Malaysia. PT. ORIX Indonesia Finance has a financial institution business license and is regulated by the Indonesia Financial Services Authority. ORIX Australia Corporation Limited is registered with the Australian Prudential Regulation Authority as a registered finance corporation. ORIX Capital Korea Corporation is registered with the Korea Financial Supervisory Service as a specialized credit finance business company. ORIX Asia Asset Management Co., Limited is registered with the Hong Kong Securities and Futures Commission as a licensed entity to carry on Type 1, 4 and 9 regulated activities.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

Table of Contents for Item 5

	Page
Overview	35
Results of Operations	36
Liquidity and Capital Resources	94
Cash Flows	99
Commitments for Capital Expenditures	100
Research and Development, Patents and Licenses, etc.	100
Trend Information	100
Critical Accounting Policies and Estimates	101
Fair Value of Investment and Rental Property	113
Recent Developments	113
Risk Management	116

OVERVIEW

The following discussion provides management’s explanation of factors and events that have significantly affected our financial condition and results of operations. Also included is management’s assessment of factors and trends which are anticipated to have a material effect on our financial condition and results of operations in the future. However, please be advised that our financial condition and results of operations in the future may also be affected by factors other than those discussed here. This discussion should be read in conjunction with “Item 3. Key Information—Risk Factors” and “Item 18. Financial Statements” included in this annual report.

Basic approach to financial and capital strategy

Regarding funding activities, we strive to maintain a high ratio of long-term funds procured and staggered repayment periods, keeping in mind the diversification and balance of fund procurement methods and sources. We strive to ensure that liquidity on hand is at an appropriate level through stress testing and other means. With regard to shareholders’ equity, we measure risk in all assets using our own method, and strive to monitor the ratio of use of shareholders’ equity at an appropriate level while considering the balance between flexibility and financial soundness for new investments.

ORIX is working to measure and evaluate its capital adequacy, financing conditions, and asset quality internally, and regularly confirm evaluations from credit rating agencies.

The issuer ratings (or counterparty ratings) that the ORIX Group has obtained from rating agencies as of the filing date of this annual report are “BBB+” for S&P Global Ratings Japan, “A3” for Moody’s Investors Service, “A-” for Fitch Ratings Japan, “AA” for Rating and Investment Information, Inc. (R&I), and “AA” for Japan Credit Rating Agency, Ltd. (JCR).

Major Use of funding

The ORIX Group’s major uses of funding include purchases of leased assets, such as office equipment, automobiles, ICT equipment, measuring equipment, real estate, and aircraft, origination of loans, purchases of investment securities, purchases of business assets, and investment in companies.

Results Overview

In fiscal 2025, net income attributable to ORIX corporation shareholders increased 2% to ¥351.6 billion compared to fiscal 2024. For fiscal 2025, ROE was 8.8%.

Total segment profits in fiscal 2025 decreased 3% to ¥544.7 billion compared to fiscal 2024 due to a decrease in segment profit in Environment and Energy, Banking and Credit, and Asia and Australia, offset by an increase in segment profit in Corporate Financial Services and Maintenance Leasing, Real Estate, PE Investment and Concession, Insurance, Aircraft and Ships, ORIX USA, and ORIX Europe. The summary of the main factors behind the consolidated business results for fiscal 2025 is included in “Item 5. Operating and Financial Review and Prospects—The Fiscal Year vs Last Fiscal Year” in this annual report.

RESULTS OF OPERATIONS

GUIDE TO OUR CONSOLIDATED STATEMENT OF INCOME

The following discussion and analysis provide information that management believes to be relevant to an understanding of our consolidated financial condition and results of operations. This discussion should be read in conjunction with our consolidated financial statements, including the notes thereto, included in this annual report. See “Item 18. Financial Statements.”

Our consolidated results of operations are presented in the accompanying financial statements with sub-categorization of revenues and expenses designed to enable the reader to better understand the diversified operating activities contributing to our overall operating performance.

As further described in “Item 4. Information on the Company,” after developing the Japanese leasing market in 1964, we extended the scope of our operations into various types of businesses which have become significant contributors to our consolidated operating results. Our initial leasing business has expanded into the provision of broader financial services, including direct lending to our lessees and other customers. Initial direct lending broadened into diversified finance such as real estate loans for consumers, loans secured by real estate, unsecured loans and non-recourse loans. Through our lending experience, we developed a loan servicing business and a loan securitization business. Through experience gained by our focus on real estate as collateral for loans, we also developed our real estate leasing, development and management operations.

Furthermore, we also expanded our business by adding securities-related operations, to generate capital gains. Thereafter, we established and acquired a number of subsidiaries and affiliates in Japan and overseas to expand our operations into businesses such as banking, life insurance, real estate and asset management. Investment and Operation Headquarters selectively invests in companies and actively seeks to fulfill the needs of companies involved in or considering M&A activity, including, among other things, management buyouts, privatization or carve-outs of subsidiaries or business units and business succession.

The diversified nature of our operations is reflected in our presentation of operating results through the categorization of our revenues and expenses to align with operating activities. We categorize our revenues into finance revenues, gains on investment securities and dividends, operating leases, life insurance premiums and related investment income, sales of goods and real estate and services income, and these revenues are summarized into a subtotal of “Total revenues” consisting of our “Operating Income” on our consolidated statements of income.

The following provides supplemental explanation of certain account captions on our consolidated statements of income:

Finance revenues include primarily finance leases, interest on loans and interest on investment securities because we believe that capital we deploy is fungible and, whether used to provide financing in the form of loans and leases or through investment in debt securities, the decision to deploy the capital is a banking-type operation that shares the common objective of managing earning assets to generate a positive spread over our cost of borrowings. In addition, revenues from guarantees, which are from commission income by guarantees against loans disbursed by other financial institutions, are also included in finance revenues.

Securities investment activities originated by the Company were extended to certain group companies, including our subsidiaries operating in the Americas.

Sales of goods and real estate consists of revenues from sales of real estate and various types of goods.

Services income consists of revenues derived from various operations that are considered a part of our recurring operating activities, such as asset management and servicing, automobile related services, facilities operation, environment and energy services, real estate management, brokerage and contract work, maintenance services of software, measurement equipment and other, and fee business.

Similar to our revenues, we categorize our expenses based on our diversified operating activities. “Total expenses” includes mainly interest expense, costs of operating leases, life insurance costs, costs of goods and real estate sold, services expense and selling, general and administrative expenses.

Services expense is directly associated with the sales and revenues separately reported within services income. Interest expense is based on monies borrowed mainly to fund revenue-generating assets, including to purchase equipment for leases, extend loans and invest in securities and real estate operations. We also consider the principal part of selling, general and administrative expenses to be directly related to the generation of revenues. Therefore, they have been included within “Total expenses” deducted to derive “Operating Income.” We similarly view the provision for credit losses to be directly related to our finance activities and accordingly have included it within “Total expenses.” As our principal operations consist of providing financial products and/or finance-related services to our customers, these expenses are directly related to the potential risks and changes in these products and services. See “Year Ended March 31, 2025 Compared to Year Ended March 31, 2024” and “Year Ended March 31, 2024 Compared to Year Ended March 31, 2023.”

We have historically reflected write-downs of long-lived assets under “Operating Income” as related assets, primarily real estate assets, representing significant operating assets under management or development. Accordingly, the write-downs were considered to represent an appropriate component of “Operating Income” derived from the related real estate investment activities. Similarly, as we have identified investment in securities to represent an operating component of our financing activities, write-downs of securities are presented under “Operating Income.”

We believe that our financial statement presentation, as explained above, with the expanded presentation of revenues and expenses, aids in the comprehension of our diversified operating activities in Japan and overseas and supports the fair presentation of our consolidated statements of income.

YEAR ENDED MARCH 31, 2025 COMPARED TO YEAR ENDED MARCH 31, 2024

Performance Summary

Financial Results

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except ratios, per Share data and percentages)				
Total revenues	¥ 2,814,361	¥ 2,874,821	¥60,460	2
Total expenses	2,453,648	2,542,995	89,347	4
Income before Income Taxes	469,975	480,463	10,488	2
Net Income Attributable to ORIX Corporation				
Shareholders	346,132	351,630	5,498	2
Earnings per Share (Basic)	298.55	307.74	9.19	3
(Diluted)	298.05	307.16	9.11	3
ROE*1	9.2	8.8	(0.4)	—
ROA*2	2.19	2.12	(0.07)	—

*1 ROE is the ratio of Net Income Attributable to ORIX Corporation Shareholders for the period to average ORIX Corporation Shareholders' Equity based on fiscal year beginning and ending balances.

*2 ROA is the ratio of Net Income Attributable to ORIX Corporation Shareholders for the period to average Total Assets based on fiscal year beginning and ending balances.

Total revenues for fiscal 2025 increased 2% to ¥2,874,821 million compared to fiscal 2024 primarily due to increases in operating leases revenues and services income, partially offset by decreases in finance revenues, gains on investment securities and dividends and life insurance premiums and related investment income.

Total expenses for fiscal 2025 increased 4% to ¥2,542,995 million compared to fiscal 2024 primarily due to increases in costs of operating leases, services expense, other expense and write-downs of long-lived assets, partially offset by decreases in interest expense and life insurance costs.

Equity in net income of equity method investments for fiscal 2025 increased 55% to ¥57,182 million compared to fiscal 2024 and gains on sales of subsidiaries and equity method investments and liquidation losses, net for fiscal 2025 increased 21% to ¥87,705 million compared to fiscal 2024.

Due to the above results, income before income taxes for fiscal 2025 increased 2% to ¥480,463 million compared to fiscal 2024 and net income attributable to ORIX Corporation shareholders increased 2% to ¥351,630 million compared to fiscal 2024.

Balance Sheet data

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen except ratios, per share and percentages)				
Total Assets	¥ 16,322,100	¥ 16,866,251	¥ 544,151	3
(Segment assets *2)	16,022,129	16,456,627	434,498	3
Total Liabilities	12,297,490	12,691,036	393,546	3
(Short-term and Long-term debt)	6,200,471	6,282,798	82,327	1
(Deposits)	2,245,835	2,449,812	203,977	9
ORIX Corporation Shareholders' Equity	3,941,466	4,089,782	148,316	4
ORIX Corporation Shareholders' Equity per share	3,422.94	3,599.24	176.30	5
ORIX Corporation Shareholders' Equity ratio *1	24.1 %	24.2 %	0.1 %	—
D/E ratio (Debt-to-equity ratio) (Short-term and Long-term debt (excluding deposits) / ORIX Corporation Shareholders' Equity)	1.6 x	1.5 x	(0.1) x	—

*1 ORIX Corporation Shareholders' Equity ratio is the ratio as of the period end of ORIX Corporation Shareholder's Equity to total assets.

*2 Since April 1, 2024, the scope of segment assets was changed to include cash and cash equivalents, trade notes, accounts and other receivable, and others. As a result, segment data as of the end of fiscal 2024 have been retrospectively reclassified.

Total assets increased 3% to ¥16,866,251 million compared to the balance as of March 31, 2024 primarily due to increases in cash and cash equivalents, installment loans and other assets (mainly reinsurance recoverables), partially offset by decreases in restricted cash and office facilities. In addition, segment assets increased 3% to ¥16,456,627 million compared to the balance as of March 31, 2024.

Total liabilities increased 3% to ¥12,691,036 million compared to the balance as of March 31, 2024 primarily due to increases in deposits and long-term debt.

Shareholders' equity increased 4% to ¥4,089,782 million compared to the balance as of March 31, 2024.

Details of Operating Results

The following is a discussion of certain items in the consolidated statements of income, operating assets in the consolidated balance sheets and other selected financial information, including on a segment by segment basis.

Segment Information

Our operating segments used by the chief operating decision maker to make decisions about resource allocations and assess performance are organized into ten segments based on our business management organization which is classified by the nature of major products and services, customer base, regulations, and business areas. The ten segments are Corporate Financial Services and Maintenance Leasing, Real Estate, PE Investment and Concession, Environment and Energy, Insurance, Banking and Credit, Aircraft and Ships, ORIX USA, ORIX Europe, and Asia and Australia.

Financial information about the operating segments reported below is that which is available by segment and regularly reviewed by the chief operating decision maker to make decisions about resource allocations and assess performance. The chief operating decision maker evaluates segment performance based on the amount equivalent to income before income taxes attributable to ORIX Corporation shareholders. Therefore, net income attributable to noncontrolling interests, net income attributable to redeemable noncontrolling interests, and income tax expenses are not included in segment profit or loss.

Since April 1, 2024, the interest expense allocation method for each segment was changed to include a part of interest expense in corporate profits (losses) in the reconciliation of segment profits to the condensed consolidated financial statement amounts. As a result, segment data for fiscal 2024 has been retrospectively reclassified.

Since April 1, 2024, the scope of segment assets was changed to include cash and cash equivalents, trade notes, accounts and other receivable, and others. As a result, segment data as of the end of fiscal 2024 has been retrospectively reclassified.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Segment Revenues:				
Corporate Financial Services and Maintenance				
Leasing	¥ 444,959	¥ 460,699	¥ 15,740	4
Real Estate	471,692	497,780	26,088	6
PE Investment and Concession	379,168	377,931	(1,237)	(0)
Environment and Energy	165,598	186,021	20,423	12
Insurance	563,869	518,363	(45,506)	(8)
Banking and Credit	88,574	63,304	(25,270)	(29)
Aircraft and Ships	65,191	119,592	54,401	83
ORIX USA	173,426	154,228	(19,198)	(11)
ORIX Europe	227,151	257,267	30,116	13
Asia and Australia	225,293	236,220	10,927	5
Segment Total	2,804,921	2,871,405	66,484	2
Difference between Segment Total and Consolidated				
Amounts	9,440	3,416	(6,024)	(64)
Consolidated Amounts	¥ 2,814,361	¥ 2,874,821	¥ 60,460	2
	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				

Segment Profits:

Corporate Financial Services and Maintenance				
Leasing	¥ 83,244	¥ 90,329	¥ 7,085	9
Real Estate	67,055	70,541	3,486	5
PE Investment and Concession	43,967	98,872	54,905	125
Environment and Energy	38,072	(4,923)	(42,995)	—
Insurance	70,826	74,399	3,573	5
Banking and Credit	97,353	29,291	(68,062)	(70)
Aircraft and Ships	44,366	67,420	23,054	52
ORIX USA	27,931	39,915	11,984	43
ORIX Europe	41,638	44,373	2,735	7
Asia and Australia	47,069	34,451	(12,618)	(27)
Segment Total	561,521	544,668	(16,853)	(3)
Difference between Segment Total and Consolidated				
Amounts	(91,546)	(64,205)	27,341	—
Consolidated Amounts	¥ 469,975	¥ 480,463	¥ 10,488	2

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Segment Assets:				
Corporate Financial Services and Maintenance				
Leasing	¥ 1,777,320	¥ 1,884,565	¥ 107,245	6
Real Estate	1,110,087	1,158,293	48,206	4
PE Investment and Concession	1,066,647	1,022,944	(43,703)	(4)
Environment and Energy	976,434	1,016,175	39,741	4
Insurance	2,921,927	3,009,234	87,307	3
Banking and Credit	2,934,217	3,144,571	210,354	7
Aircraft and Ships	1,169,641	1,231,973	62,332	5
ORIX USA	1,694,484	1,593,939	(100,545)	(6)
ORIX Europe	662,139	669,306	7,167	1
Asia and Australia	1,709,233	1,725,627	16,394	1
Segment Total	16,022,129	16,456,627	434,498	3
Difference between Segment Total and Consolidated				
Amounts	299,971	409,624	109,653	37
Consolidated Amounts	¥16,322,100	¥16,866,251	¥ 544,151	3

Corporate Financial Services and Maintenance Leasing

Segment profits increased 9% to ¥90,329 million compared to fiscal 2024 primarily due to increases in gains on sales of subsidiaries and equity method investments and operating leases revenues.

Segment assets increased 6% to ¥1,884,565 million compared to the end of fiscal 2024 primarily due to increases in installment loans and investment in operating leases.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 61,428	¥ 63,271	¥ 1,843	3
Gains on investment securities and dividends	2,626	2,647	21	1
Operating leases	266,871	282,433	15,562	6
Sales of goods and real estate	3,934	4,202	268	7
Services income	110,100	108,146	(1,954)	(2)
Total Segment Revenues	444,959	460,699	15,740	4
Interest expense	5,418	7,306	1,888	35
Costs of operating leases	192,850	201,286	8,436	4
Costs of goods and real estate sold	3,234	3,335	101	3
Services expense	58,896	57,372	(1,524)	(3)
Other (income) and expense	14,896	18,305	3,409	23
Selling, general and administrative expenses	88,621	89,599	978	1
Provision for credit losses, and write-downs of long-lived assets and securities	960	2,199	1,239	129
Total Segment Expenses	364,875	379,402	14,527	4
Equity in Net income (Loss) of equity method investments and others	3,160	9,032	5,872	186
Segment Profits	¥ 83,244	¥ 90,329	¥ 7,085	9

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Net investment in leases	¥ 567,735	¥ 569,380	¥ 1,645	0
Installment loans	346,840	424,370	77,530	22
Investment in operating leases	535,655	557,625	21,970	4
Investment in securities	36,683	29,690	(6,993)	(19)
Property under facility operations	17,404	43,857	26,453	152
Inventories	928	433	(495)	(53)
Advances for finance lease and operating lease	3,400	6,177	2,777	82
Equity method investments	14,984	16,375	1,391	9
Advances for property under facility operations	0	143	143	—
Goodwill, intangible assets acquired in business combinations	28,693	25,268	(3,425)	(12)
Other assets	224,998	211,247	(13,751)	(6)
Total Segment Assets	¥ 1,777,320	¥ 1,884,565	¥ 107,245	6

Real Estate

Segment profits increased 5% to ¥70,541 million compared to fiscal 2024 primarily due to an increase in operating leases revenues, partially offset by a decrease in equity in net income (loss) of equity method investments.

Segment assets increased 4% to ¥1,158,293 million compared to the end of fiscal 2024 due to increases in equity method investments and trade notes, accounts and other receivable.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 6,134	¥ 4,860	¥ (1,274)	(21)
Gains on investment securities and dividends	857	1,282	425	50
Operating leases	50,205	61,321	11,116	22
Sales of goods and real estate	111,013	107,859	(3,154)	(3)
Services income	303,483	322,458	18,975	6
Total Segment Revenues	471,692	497,780	26,088	6
Interest expense	3,016	2,616	(400)	(13)
Costs of operating leases	24,972	24,167	(805)	(3)
Costs of goods and real estate sold	90,931	89,593	(1,338)	(1)
Services expense	248,195	264,952	16,757	7
Other (income) and expense	722	1,664	942	130
Selling, general and administrative expenses	41,542	43,405	1,863	4
Provision for credit losses, and write-downs of long-lived assets and securities	1,285	3,098	1,813	141
Total Segment Expenses	410,663	429,495	18,832	5
Equity in Net income (Loss) of equity method investments and others	6,026	2,256	(3,770)	(63)
Segment Profits	¥ 67,055	¥ 70,541	¥ 3,486	5

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Net investment in leases	¥ 51,978	¥ 45,810	¥ (6,168)	(12)
Installment loans	52	30	(22)	(42)
Investment in operating leases	278,191	311,377	33,186	12
Investment in securities	4,036	6,209	2,173	54
Property under facility operations	165,387	175,153	9,766	6
Inventories	174,990	182,652	7,662	4
Advances for finance lease and operating lease	114,649	78,044	(36,605)	(32)
Equity method investments	143,751	177,956	34,205	24
Advances for property under facility operations	8,183	7,401	(782)	(10)
Goodwill, intangible assets acquired in business combinations	52,898	50,801	(2,097)	(4)
Other assets	115,972	122,860	6,888	6
Total Segment Assets	¥1,110,087	¥1,158,293	¥ 48,206	4

PE Investment and Concession

Segment profits increased 125% to ¥98,872 million compared to fiscal 2024 primarily due to increases in equity in net income (loss) of equity method investments and gains on sales of subsidiaries and equity method investments resulting from the sale of investees.

Segment assets decreased 4% to ¥1,022,944 million compared to the end of fiscal 2024 primarily due to decreases in investment in securities and goodwill, intangible assets acquired in business combinations, partially offset by an increase in equity method investments.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 6,679	¥ 12,140	¥ 5,461	82
Gains on investment securities and dividends	1,207	851	(356)	(29)
Operating leases	41,529	42,698	1,169	3
Sales of goods and real estate	249,085	252,969	3,884	2
Services income	80,668	69,273	(11,395)	(14)
Total Segment Revenues	379,168	377,931	(1,237)	(0)
Interest expense	2,978	3,833	855	29
Costs of operating leases	26,244	26,389	145	1
Costs of goods and real estate sold	168,404	173,652	5,248	3
Services expense	58,677	48,890	(9,787)	(17)
Other (income) and expense	(2,330)	10,622	12,952	—
Selling, general and administrative expenses	89,864	88,370	(1,494)	(2)
Provision for credit losses, and write-downs of long-lived assets and securities	366	1,743	1,377	376
Total Segment Expenses	344,203	353,499	9,296	3
Equity in Net income (Loss) of equity method investments and others	9,002	74,440	65,438	727
Segment Profits	¥ 43,967	¥ 98,872	¥ 54,905	125

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Net investment in leases	¥ 1,238	¥ 1,640	¥ 402	32
Installment loans	115,629	124,411	8,782	8
Investment in operating leases	56,286	46,796	(9,490)	(17)
Investment in securities	36,729	6,117	(30,612)	(83)
Property under facility operations	41,416	53,832	12,416	30
Inventories	47,553	41,021	(6,532)	(14)
Advances for finance lease and operating lease	5	3	(2)	(40)
Equity method investments	118,310	148,274	29,964	25
Advances for property under facility operations	4,466	728	(3,738)	(84)
Goodwill, intangible assets acquired in business combinations	351,202	331,003	(20,199)	(6)
Other assets	293,813	269,119	(24,694)	(8)
Total Segment Assets	¥1,066,647	¥1,022,944	¥ (43,703)	(4)

Environment and Energy

Segment profits decreased by ¥42,995 million to losses of ¥4,923 million compared to fiscal 2024 primarily due to an increase in write-downs of long-lived assets and a decrease in equity in net income (loss) of equity method investments and an increase in service expense, partially offset by an increase in gains on sales of subsidiaries and equity method investments.

Segment assets increased 4% to ¥1,016,175 million compared to the end of fiscal 2024 primarily due to increases in property under facility operations and advances for property under facility operations, partially offset by a decrease in equity method investments.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 1,478	¥ 1,402	¥ (76)	(5)
Gains on investment securities and dividends	1,784	3,128	1,344	75
Operating leases	79	79	0	—
Sales of goods and real estate	3,771	3,307	(464)	(12)
Services income	158,486	178,105	19,619	12
Total Segment Revenues	165,598	186,021	20,423	12
Interest expense	11,093	13,170	2,077	19
Costs of operating leases	18	18	0	—
Costs of goods and real estate sold	2,236	1,786	(450)	(20)
Services expense	110,106	136,118	26,012	24
Other (income) and expense	(4,633)	446	5,079	—
Selling, general and administrative expenses	18,670	22,582	3,912	21
Provision for credit losses, and write-downs of long-lived assets and securities	151	20,573	20,422	—
Total Segment Expenses	137,641	194,693	57,052	41
Equity in Net income (Loss) of equity method investments and others	10,115	3,749	(6,366)	(63)
Segment Profits	¥ 38,072	¥ (4,923)	¥ (42,995)	—

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Net investment in leases	¥ 3,104	¥ 2,092	¥ (1,012)	(33)
Installment loans	2,255	3,609	1,354	60
Investment in operating leases	250	237	(13)	(5)
Investment in securities	571	32,032	31,461	—
Property under facility operations	453,252	487,241	33,989	7
Inventories	2,463	2,551	88	4
Equity method investments	219,018	170,946	(48,072)	(22)
Advances for property under facility operations	44,962	70,081	25,119	56
Goodwill, intangible assets acquired in business combinations	121,174	120,743	(431)	(0)
Other assets	129,385	126,643	(2,742)	(2)
Total Segment Assets	¥ 976,434	¥1,016,175	¥ 39,741	4

Insurance

Segment profits increased 5% to ¥74,399 million compared to fiscal 2024 primarily due to a decrease in life insurance costs, partially offset by a decrease in life insurance premiums and related investment income.

Segment assets increased 3% to ¥3,009,234 million compared to the end of fiscal 2024 primarily due to an increase in reinsurance recoverables.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 300	¥ 280	¥ (20)	(7)
Life insurance premiums and related investment income	561,533	518,084	(43,449)	(8)
Services income	2,036	(1)	(2,037)	—
Total Segment Revenues	563,869	518,363	(45,506)	(8)
Interest expense	14	256	242	—
Life insurance costs	433,827	384,910	(48,917)	(11)
Other (income) and expense	98	(110)	(208)	—
Selling, general and administrative expenses	59,309	58,904	(405)	(1)
Provision for credit losses, and write-downs of long-lived assets and securities	(2)	4	6	—
Total Segment Expenses	493,246	443,964	(49,282)	(10)
Equity in Net income (Loss) of equity method investments and others	203	(0)	(203)	—
Segment Profits	¥ 70,826	¥ 74,399	¥ 3,573	5

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Installment loans	¥ 11,792	¥ 12,805	¥ 1,013	9
Investment in operating leases	26,876	26,167	(709)	(3)
Investment in securities	2,236,495	2,234,453	(2,042)	(0)
Equity method investments	29,742	35,865	6,123	21
Goodwill, intangible assets acquired in business combinations	4,452	4,452	0	—
Other assets	612,570	695,492	82,922	14
Total Segment Assets	¥2,921,927	¥3,009,234	¥ 87,307	3

Banking and Credit

Segment profits decreased 70% to ¥29,291 million compared to fiscal 2024 primarily due to the absence of gains on sales of subsidiaries and equity method investments recorded in the fourth quarter of fiscal 2024 as a result of the partial sale of shares in ORIX Credit Corporation and a decrease in finance revenues following its transition to an equity method investee.

Segment assets increased 7% to ¥3,144,571 million compared to the end of fiscal 2024 primarily due to increases in installment loans and cash and cash equivalents.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 80,653	¥ 60,290	¥ (20,363)	(25)
Gains on investment securities and dividends	600	100	(500)	(83)
Services income	7,321	2,914	(4,407)	(60)
Total Segment Revenues	88,574	63,304	(25,270)	(29)
Interest expense	5,302	7,184	1,882	35
Services expense	6,254	7,590	1,336	21
Other (income) and expense	(306)	40	346	—
Selling, general and administrative expenses	32,886	20,822	(12,064)	(37)
Provision for credit losses, and write-downs of long-lived assets and securities	4,064	(176)	(4,240)	—
Total Segment Expenses	48,200	35,460	(12,740)	(26)
Equity in Net income (Loss) of equity method investments and others	56,979	1,447	(55,532)	(97)
Segment Profits	¥ 97,353	¥ 29,291	¥ (68,062)	(70)

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Installment loans	¥2,378,183	¥2,511,736	¥ 133,553	6
Investment in securities	311,237	305,441	(5,796)	(2)
Equity method investments	43,601	43,934	333	1
Other assets	201,196	283,460	82,264	41
Total Segment Assets	¥2,934,217	¥3,144,571	¥ 210,354	7

Aircraft and Ships

Segment profits increased 52% to ¥67,420 million compared to fiscal 2024 primarily due to an increase in operating leases revenues as a result of a new acquisition of a subsidiary in the fourth quarter of fiscal 2024.

Segment assets increased 5% to ¥1,231,973 million compared to the end of fiscal 2024 primarily due to increases in investment in operating leases, goodwill, intangible assets acquired in business combinations and advances for finance lease and operating lease, partially offset by a decrease in installment loans.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 7,769	¥ 5,769	¥ (2,000)	(26)
Gains on investment securities and dividends	(130)	(24)	106	—
Operating leases	48,074	96,856	48,782	101
Sales of goods and real estate	97	852	755	778
Services income	9,381	16,139	6,758	72
Total Segment Revenues	65,191	119,592	54,401	83
Interest expense	11,596	20,159	8,563	74
Costs of operating leases	18,853	40,986	22,133	117
Costs of goods and real estate sold	96	864	768	800
Services expense	1,783	6,724	4,941	277
Other (income) and expense	(3,600)	68	3,668	—
Selling, general and administrative expenses	10,345	11,967	1,622	16
Provision for credit losses, and write-downs of long-lived assets and securities	3	3	0	—
Total Segment Expenses	39,076	80,771	41,695	107
Equity in Net income (Loss) of equity method investments and others	18,251	28,599	10,348	57
Segment Profits	¥ 44,366	¥ 67,420	¥ 23,054	52

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Installment loans	¥ 60,468	¥ 36,119	¥ (24,349)	(40)
Investment in operating leases	557,867	599,813	41,946	8
Investment in securities	11,960	9,387	(2,573)	(22)
Property under facility operations	0	28	28	—
Inventories	733	1,588	855	117
Advances for finance lease and operating lease	9,232	27,816	18,584	201
Equity method investments	399,061	402,567	3,506	1
Goodwill, intangible assets acquired in business combinations	19,114	43,024	23,910	125
Other assets	111,206	111,631	425	0
Total Segment Assets	¥1,169,641	¥1,231,973	¥ 62,332	5

ORIX USA

Segment profits increased 43% to ¥39,915 million compared to fiscal 2024 primarily due to an increase in gains on sales of subsidiaries and equity method investments, partially offset by an increase in selling, general and administrative expenses and a decrease in gains on investment securities and dividends.

Segment assets decreased 6% to ¥1,593,939 million compared to the end of fiscal 2024 primarily due to decreases in installment loans and restricted cash and general decrease as a result of foreign exchange effects.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 112,545	¥ 102,627	¥ (9,918)	(9)
Gains on investment securities and dividends	6,446	119	(6,327)	(98)
Operating leases	1,225	861	(364)	(30)
Sales of goods and real estate	602	543	(59)	(10)
Services income	52,608	50,078	(2,530)	(5)
Total Segment Revenues	173,426	154,228	(19,198)	(11)
Interest expense	47,466	40,016	(7,450)	(16)
Costs of operating leases	547	1,496	949	173
Costs of goods and real estate sold	310	307	(3)	(1)
Services expense	4,331	2,823	(1,508)	(35)
Other (income) and expense	(2,078)	(3,382)	(1,304)	—
Selling, general and administrative expenses	85,483	95,406	9,923	12
Provision for credit losses, and write-downs of long-lived assets and securities	7,937	7,669	(268)	(3)
Total Segment Expenses	143,996	144,335	339	0
Equity in Net income (Loss) of equity method investments and others	(1,499)	30,022	31,521	—
Segment Profits	¥ 27,931	¥ 39,915	¥ 11,984	43

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Net investment in leases	¥ 505	¥ 451	¥ (54)	(11)
Installment loans	699,384	652,805	(46,579)	(7)
Investment in operating leases	9,858	21,260	11,402	116
Investment in securities	509,172	487,022	(22,150)	(4)
Property under facility operations and servicing assets	79,747	76,469	(3,278)	(4)
Inventories	159	137	(22)	(14)
Equity method investments	61,415	54,817	(6,598)	(11)
Goodwill, intangible assets acquired in business combinations	176,785	171,884	(4,901)	(3)
Other assets	157,459	129,094	(28,365)	(18)
Total Segment Assets	¥1,694,484	¥1,593,939	¥ (100,545)	(6)

ORIX Europe

Segment profits increased 7% to ¥44,373 million compared to fiscal 2024 primarily due to an increase in services income.

Segment assets increased 1% to ¥669,306 million compared to the end of fiscal 2024 primarily due to increases in cash and cash equivalents and investment in securities, partially offset by a decrease in goodwill, intangible assets acquired in business combinations.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 2,409	¥ 4,077	¥ 1,668	69
Gains on investment securities and dividends	10,711	4,408	(6,303)	(59)
Services income	214,031	248,782	34,751	16
Total Segment Revenues	227,151	257,267	30,116	13
Interest expense	289	665	376	130
Services expense	54,224	66,446	12,222	23
Other (income) and expense	2,666	4,231	1,565	59
Selling, general and administrative expenses	130,496	138,859	8,363	6
Provision for credit losses, and write-downs of long-lived assets and securities	217	115	(102)	(47)
Total Segment Expenses	187,892	210,316	22,424	12
Equity in Net income (Loss) of equity method investments and others	2,379	(2,578)	(4,957)	—
Segment Profits	¥ 41,638	¥ 44,373	¥ 2,735	7

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Investment in securities	¥ 82,568	¥ 86,008	¥ 3,440	4
Equity method investments	11,907	8,578	(3,329)	(28)
Goodwill, intangible assets acquired in business combinations	364,773	354,801	(9,972)	(3)
Other assets	202,891	219,919	17,028	8
Total Segment Assets	¥ 662,139	¥ 669,306	¥ 7,167	1

Asia and Australia

Segment profits decreased 27% to ¥34,451 million compared to fiscal 2024 primarily due to decreases in gains on investment securities and dividends and equity in net income (loss) of equity method investments in Greater China.

Segment assets increased 1% to ¥1,725,627 million compared to the end of fiscal 2024 primarily due to increases in net investment in leases and cash and cash equivalents, partially offset by general decrease as a result of foreign exchange effects.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 70,836	¥ 74,961	¥ 4,125	6
Gains on investment securities and dividends	7,885	1,933	(5,952)	(75)
Operating leases	122,624	135,169	12,545	10
Sales of goods and real estate	425	751	326	77
Services income	23,523	23,406	(117)	(0)
Total Segment Revenues	225,293	236,220	10,927	5
Interest expense	35,737	41,761	6,024	17
Costs of operating leases	90,336	97,249	6,913	8
Costs of goods and real estate sold	400	684	284	71
Services expense	15,039	14,710	(329)	(2)
Other (income) and expense	(1,490)	(5,654)	(4,164)	—
Selling, general and administrative expenses	41,558	44,342	2,784	7
Provision for credit losses, and write-downs of long-lived assets and securities	8,027	9,983	1,956	24
Total Segment Expenses	189,607	203,075	13,468	7
Equity in Net income (Loss) of equity method investments and others	11,383	1,306	(10,077)	(89)
Segment Profits	¥ 47,069	¥ 34,451	¥ (12,618)	(27)

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Net investment in leases	¥ 530,426	¥ 547,966	¥ 17,540	3
Installment loans	343,936	315,128	(28,808)	(8)
Investment in operating leases	395,573	394,764	(809)	(0)
Investment in securities	33,520	37,768	4,248	13
Property under facility operations	1,849	1,844	(5)	(0)
Inventories	224	615	391	175
Advances for finance lease and operating lease	3,017	4,833	1,816	60
Equity method investments	271,682	260,395	(11,287)	(4)
Advances for property under facility operations	0	51	51	—
Goodwill, intangible assets acquired in business combinations	7,313	6,986	(327)	(4)
Other assets	121,693	155,277	33,584	28
Total Segment Assets	¥ 1,709,233	¥ 1,725,627	¥ 16,394	1

Revenues, New Business Volumes and Investments

Finance revenues

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)

(Millions of yen, except percentage data)

Finance revenues:

Finance revenues	¥	348,001	¥	328,356	¥	(19,645)	(6)
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Finance revenues decreased 6% to ¥328,356 million for fiscal 2025 compared to fiscal 2024 primarily as a result of ORIX Credit Corporation becoming an equity method investee due to the partial sale of its shares in the fourth quarter of fiscal 2024.

Net investment in leases

	As of and for the year ended March 31,		Change	
	2024	2025	Amount	Percent (%)

(Millions of yen, except percentage data)

Net investment in leases:

New equipment acquisitions	¥	535,985	¥	522,223	¥	(13,762)	(3)
Japan		212,462		210,189		(2,273)	(1)
Overseas		323,523		312,034		(11,489)	(4)
Net investment in leases		1,155,023		1,167,380		12,357	1

New equipment acquisitions related to net investment in leases decreased 3% to ¥522,223 million compared to fiscal 2024. In Japan, new equipment acquisitions decreased 1% in fiscal 2025 compared to fiscal 2024. In overseas, new equipment acquisitions decreased 4% in fiscal 2025 compared to fiscal 2024 primarily due to decreases in Asia.

Net investment in leases as of March 31, 2025 increased 1% to ¥1,167,380 million compared to March 31, 2024 primarily due to increases in assets in overseas.

As of March 31, 2025, no single lessee represented more than 1% of the balance of net investment in leases. As of March 31, 2025, 53% of our net investment in leases were to lessees in Japan, while 47% were to overseas lessees. 9% of our net investment in leases were to lessees in China, 8% of our net investment in leases were to lessees in South Korea and Malaysia, respectively, and 5% of our net investment in leases were to lessees in Australia. No other overseas country represented more than 5% of our total portfolio of net investment in leases.

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)

(Millions of yen, except percentage data)

Net investment in leases by category:

Transportation equipment	¥	521,006	¥	550,810	¥	29,804	6
Industrial equipment		231,867		213,939		(17,928)	(8)
Electronics		98,313		97,461		(852)	(1)
Information-related and office equipment		118,784		123,092		4,308	4
Commercial services equipment		66,377		68,995		2,618	4
Other		118,676		113,083		(5,593)	(5)
Total	¥	1,155,023	¥	1,167,380	¥	12,357	1

For further information, see Note 6 of “Item 18. Financial Statements.”

Installment loans

	As of and for the year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Installment loans:				
New loans added	¥ 1,433,243	¥ 1,510,598	¥ 77,355	5
Japan	1,064,986	1,165,864	100,878	9
Overseas	368,257	344,734	(23,523)	(6)
Installment loans	3,958,814	4,081,019	122,205	3

Note: The balance of installment loans related to our life insurance operations is included in installment loans in our consolidated balance sheets; however, income and losses on these loans are recorded in life insurance premiums and related investment income in our consolidated statements of income.

New loans added increased 5% to ¥1,510,598 million compared to fiscal 2024. In Japan, new loans added increased 9% to ¥1,165,864 million compared to fiscal 2024. In overseas, new loans added decreased 6% to ¥344,734 million compared to fiscal 2024 primarily due to decreased lending activity in Asia.

The balance of installment loans as of March 31, 2025 increased 3% to ¥4,081,019 million compared to March 31, 2024, primarily due to increases in the new loans added in Japan, partially offset by decreases in the new loans added in overseas.

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Installment loans:				
Consumer borrowers in Japan				
Real estate loans	¥ 1,851,214	¥ 1,901,794	¥ 50,580	3
Card loans	72,353	67,874	(4,479)	(6)
Other	5,680	7,259	1,579	28
Subtotal	1,929,247	1,976,927	47,680	2
Corporate borrowers in Japan				
Real estate companies	334,506	415,666	81,160	24
Non-recourse loans	145,286	301,477	156,191	108
Commercial, industrial and other companies	187,824	233,270	45,446	24
Subtotal	667,616	950,413	282,797	42
Consumer borrowers in overseas				
Real estate loans	96,247	55,022	(41,225)	(43)
Other	47,415	39,172	(8,243)	(17)
Subtotal	143,662	94,194	(49,468)	(34)
Corporate borrowers in overseas				
Real estate companies	190,630	228,793	38,163	20
Non-recourse loans	50,263	86,724	36,461	73
Commercial, industrial and other companies	705,494	591,103	(114,391)	(16)
Subtotal	946,387	906,620	(39,767)	(4)
Equity method investees	251,929	131,476	(120,453)	(48)
Purchased loans*	19,973	21,389	1,416	7
Total	¥ 3,958,814	¥ 4,081,019	¥ 122,205	3

- * Purchased loans represent loans with evidence of deterioration of credit quality since origination and for which it is probable at acquisition that collection of all contractually required payments from the debtors is unlikely.

As of March 31, 2025, ¥12,806 million, or 0.4%, of our portfolio of installment loans to consumer and corporate borrowers in Japan related to our life insurance operations. We reflect income from these loans as life insurance premiums and related investment income in our consolidated statements of income.

As of March 31, 2025, ¥644,459 million, or 16%, of the balance of installment loans were to real estate companies in Japan and overseas.

The balance of installment loans to consumer borrowers in Japan as of March 31, 2025 increased 2% to ¥1,976,927 million compared to the balance as of March 31, 2024, primarily due to an increase in new loans added. The balance of installment loans to corporate borrowers in Japan as of March 31, 2025 increased 42% to ¥950,413 million compared to the balance as of March 31, 2024, primarily due to an increase in new loans added in banking business. The balance of installment loans to consumer borrowers in overseas as of March 31, 2025 decreased 34% to ¥94,194 million compared to the balance as of March 31, 2024, primarily due to a decrease in Asia. The balance of installment loans to corporate borrowers in overseas as of March 31, 2025 decreased 4% to ¥906,620 million compared to the balance as of March 31, 2024, primarily due to a decrease in the America. The balance of installment loans to equity method investees as of March 31, 2025 decreased 48% to ¥131,476 million compared to the balance as of March 31, 2024, primarily due to the collection of loans.

For further information, see Note 7 of “Item 18. Financial Statements.”

Asset quality

Net investment in leases

	As of March 31,	
	2024	2025
	(Millions of yen, except percentage data)	
Non-performing net investment in leases and allowance for credit losses on net investment in leases:		
Non-performing net investment in leases	¥20,805	¥21,820
Non-performing net investment in leases as a percentage of the balance of net investment in leases	1.80%	1.87%
Provision for credit losses as a percentage of the average balance of net investment in leases*	0.27%	0.42%
Allowance for credit losses on net investment in leases	¥16,780	¥18,122
Allowance for credit losses on net investment in leases as a percentage of the balance of net investment in leases	1.45%	1.55%
The ratio of charge-offs as a percentage of the average balance of net investment in leases*	0.23%	0.29%

- * Average balances are calculated on the basis of fiscal year’s beginning balance and fiscal quarter-end balances.

The balance of non-performing net investment in leases increased ¥1,015 million to ¥21,820 million as of March 31, 2025 compared to March 31, 2024. As a result, the non-performing net investment in leases as a percentage of net investment in leases as of March 31, 2025 increased 0.07% to 1.87% from March 31, 2024.

We believe that the ratio of allowance for credit losses to the balance of investment in net investment in leases provides a reasonable indication that our allowance for credit losses was appropriate as of March 31, 2025 for the following reasons:

- lease receivables are generally diversified and the amount of realized loss on any particular contract is likely to be relatively small; and
- all lease contracts are secured by collateral consisting of the underlying leased assets, and we can expect to recover at least a portion of the outstanding lease receivables by selling the collateral.

Loans not individually assessed for credit losses

	As of March 31,	
	2024	2025
	(Millions of yen, except percentage data)	
Non-performing loans not individually assessed for credit losses and allowance for credit losses on installment loans not individually assessed for credit losses:		
Non-performing loans not individually assessed for credit losses	¥34,154	¥79,069
Non-performing loans not individually assessed for credit losses as a percentage of the balance of installment loans not individually assessed for credit losses	0.87%	1.97%
Provision for credit losses as a percentage of the average balance of installment loans not individually assessed for credit losses*	0.17%	0.03%
Allowance for credit losses on installment loans not individually assessed for credit losses	¥25,975	¥21,355
Allowance for credit losses on installment loans not individually assessed for credit losses as a percentage of the balance of installment loans not individually assessed for credit losses	0.67%	0.53%
The ratio of charge-offs as a percentage of the average balance of loans not individually assessed for credit losses*	0.20%	0.07%

* Average balances are calculated on the basis of fiscal year's beginning balance and fiscal quarter-end balances.

The provision for credit losses as a percentage of the average balance of installment loans not individually assessed for credit losses decreased 0.14% compared to fiscal 2024, primarily due to a reduction in the provision amount resulting from the sale of a subsidiary in fiscal 2024.

The balance of non-performing loans not individually assessed that are estimated for credit losses by using installment loans with similar risk characteristics as one pool increased ¥44,915 million to ¥79,069 million as of March 31, 2025 compared to March 31, 2024.

	As of March 31,	
	2024	2025
	(Millions of yen)	
Non-performing loans not individually assessed for credit losses:		
Consumer borrowers in Japan		
Real estate loans	¥ 861	¥ 987
Subtotal	861	987
Corporate borrowers in Japan		
Real estate companies	75	8
Commercial, industrial and other companies	165	178
Subtotal	240	186
Consumer borrowers in overseas		
Real estate loans	340	308
Other	658	452
Subtotal	998	760
Corporate borrowers in overseas		
Real estate companies	17,057	49,503
Non-recourse loans	2,057	2,183
Commercial, industrial and other companies	12,711	25,450
Subtotal	31,825	77,136
Loans to Equity method investees	230	0
Total	¥34,154	¥79,069

We recognize allowances for real estate loans and other loans to individual borrowers after careful evaluation of the value of collateral underlying the loans, past loss experience and any economic conditions that we believe may affect the default rate. We determine the allowance for our other items on the basis of past loss experience, the forecasted future economic indicators correlated with the prior charge-off experience and the current portfolio composition.

Loans individually assessed for credit losses

	As of March 31,	
	2024	2025
	(Millions of yen)	
Non-performing loans individually assessed for credit losses and allowance for credit losses on installment loans individually assessed for credit losses:		
Non-performing installment loans individually assessed for credit losses	¥54,422	¥62,433
Allowance for credit losses on installment loans individually assessed for credit losses*	14,335	16,393

* The allowance is individually evaluated based on the present value of expected future cash flows, the loan's observable market price or the fair value of the collateral securing the loans if the loans are collateral dependent.

The provision for credit losses on installment loans individually assessed for credit losses was ¥10,806 million and ¥6,962 million, respectively, in fiscal 2024 and fiscal 2025. The charge-off of installment loans individually assessed for credit losses was ¥4,295 million and ¥4,718 million, respectively, in fiscal 2024 and fiscal 2025. The provision for credit losses on installment loans individually assessed for credit losses decreased ¥3,844 million compared to fiscal 2024. The provision for credit losses on loans individually assessed decreased mainly in the Americas. The charge-off of installment loans individually assessed for credit losses increased ¥423 million compared to fiscal 2024.

The table below sets forth the outstanding balance of non-performing loans individually assessed for credit losses by region and type of borrower as of the dates indicated. Consumer loans in Japan primarily consist of restructured smaller-balance homogeneous loans individually assessed for credit losses.

	As of March 31,	
	2024	2025
	(Millions of yen)	
Non-performing loans individually assessed for credit losses:		
Consumer borrowers in Japan		
Real estate loans	¥11,210	¥10,353
Other	96	86
Subtotal	11,306	10,439
Corporate borrowers in Japan		
Real estate companies	1,401	549
Commercial, industrial and other companies	392	598
Subtotal	1,793	1,147
Consumer borrowers in overseas		
Real estate loans	767	5,368
Other	1,702	1,884
Subtotal	2,469	7,252
Corporate borrowers in overseas		
Real estate companies	1,125	2,769
Non-recourse loans	1,058	1,648
Commercial, industrial and other companies	34,092	36,569
Subtotal	36,275	40,986
Loans to Equity method investees	1,699	1,345
Purchased loans	880	1,264
Total	¥54,422	¥62,433

For further information, see Note 8 of “Item 18. Financial Statements.”

Allowance for credit losses

We recognize allowances for credit losses on net investment in leases and installment loans.

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Allowance for credit losses:				
Beginning balance	¥ 64,540	¥ 57,090	¥ (7,450)	(12)
Net investment in leases	15,719	16,780	1,061	7
Loans not individually assessed for credit losses	39,460	25,975	(13,485)	(34)
Loans individually assessed for credit losses	9,361	14,335	4,974	53
Provision (Reversal) *1	20,652	13,074	(7,578)	(37)
Net investment in leases	3,064	4,934	1,870	61
Loans not individually assessed for credit losses	6,782	1,178	(5,604)	(83)
Loans individually assessed for credit losses	10,806	6,962	(3,844)	(36)
Charge-offs (net)	(14,633)	(10,823)	3,810	(26)
Net investment in leases	(2,609)	(3,414)	(805)	31
Loans not individually assessed for credit losses	(7,729)	(2,691)	5,038	(65)
Loans individually assessed for credit losses	(4,295)	(4,718)	(423)	10
Other *2	(13,469)	(3,471)	9,998	(74)
Net investment in leases	606	(178)	(784)	—
Loans not individually assessed for credit losses	(12,538)	(3,107)	9,431	(75)
Loans individually assessed for credit losses	(1,537)	(186)	1,351	(88)
Ending balance	57,090	55,870	(1,220)	(2)
Net investment in leases	16,780	18,122	1,342	8
Loans not individually assessed for credit losses	25,975	21,355	(4,620)	(18)
Loans individually assessed for credit losses	14,335	16,393	2,058	14

*1 “Provision for credit losses” in the consolidated statements of income amounted to ¥20,968 million and ¥18,723 million for fiscal 2024 and 2025, respectively, and the amounts include provision for credit losses on other than net investment in leases and installment loans.

*2 “Other” mainly includes foreign currency translation adjustments and increases or decreases in allowance due to consolidation or deconsolidation of subsidiaries.

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Provision for credit losses:				
Net investment in leases	¥ 3,064	¥ 4,934	¥ 1,870	61
Loans not individually assessed for credit losses	6,782	1,178	(5,604)	(83)
Loans individually assessed for credit losses	10,806	6,962	(3,844)	(36)
Subtotal	20,652	13,074	(7,578)	(37)
Off-balance sheet credit exposures	(440)	5,297	5,737	—
Available-for-sale debt securities	445	173	(272)	(61)
Other financial assets measured at amortized cost	311	179	(132)	(42)
Total	¥ 20,968	¥ 18,723	¥ (2,245)	(11)

The provision on installment loans not individually assessed for credit losses were ¥6,782 million and ¥1,178 million in fiscal 2024 and 2025, respectively. The provision for credit losses on loans not individually assessed in fiscal 2025 increased compared to fiscal 2024 primarily due to a reduction in the provision amount resulting from the sale of a subsidiary in fiscal 2024.

The provision on installment loans individually assessed for credit losses were ¥10,806 million and ¥6,962 million in fiscal 2024 and 2025, respectively. The provision for credit losses on loans individually assessed decreased mainly in the Americas.

The provision for credit losses on off-balance sheet credit exposures in fiscal 2024 was a reversal of ¥440 million, which was mainly caused by the re-valuation of past loss experience, current economic and business conditions and forecasts in Japan. The provision for credit losses on off-balance sheet credit exposures in fiscal 2025 was ¥5,297 million, which was mainly due to the deterioration in macroeconomic forecasts in certain markets in the Americas.

For further information, see Note 8 of “Item 18. Financial Statements.” In addition, for further information about allowance for off-balance sheet credit exposures and allowance for credit losses on available-for-sale debt securities, see Note 31 and 9 of “Item 18. Financial Statements.”

Investment in Securities

	As of and for the year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Investment in securities:				
New securities added	¥ 628,060	¥ 777,170	¥149,110	24
Japan	521,835	621,839	100,004	19
Overseas	106,225	155,331	49,106	46
Investment in securities	3,263,079	3,234,547	(28,532)	(1)

Note: The balance of investment in securities related to our life insurance operations is included in investment in securities in our consolidated balance sheets; however, income and losses on these investment in securities are recorded in life insurance premiums and related investment income in our consolidated statements of income.

New securities added increased 24% to ¥777,170 million in fiscal 2025 compared to fiscal 2024. New securities added in Japan increased 19% in fiscal 2025 compared to fiscal 2024 primarily due to an increase in investments in government bond securities and corporate debt securities. New securities added overseas increased 46% in fiscal 2025 compared to fiscal 2024 primarily due to an increase in fund investments and other asset-backed securities and debt securities.

The balance of our investment in securities as of March 31, 2025 decreased 1% to ¥3,234,547 million compared to March 31, 2024.

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Investment in securities by security type:				
Equity securities	¥ 597,601	¥ 626,910	¥ 29,309	5
Available-for-sale debt securities	2,665,478	2,607,637	(57,841)	(2)
Total	¥ 3,263,079	¥ 3,234,547	¥ (28,532)	(1)

Investments in equity securities as of March 31, 2025 increased 5% to ¥626,910 million compared to March 31, 2024 primarily due to the transfer to equity securities from the partial sale of equity-method investments and increases in fund investments, partially offset by sales of trading securities. Investments in available-for-sale debt securities as of March 31, 2025 decreased 2% to ¥2,607,637 million compared to March 31, 2024 primarily due to increases in unrealized losses on government bonds and the redemption of corporate bonds and other asset-backed securities, partially offset by increases in investments in government bonds and corporate bonds.

For further information, see Note 9 of “Item 18. Financial Statements.”

Gains on investment securities and dividends

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Gains on investment securities and dividends:				
Net gains on investment securities	¥ 30,731	¥ 11,825	¥ (18,906)	(62)
Dividends income	2,292	2,499	207	9
Total	¥ 33,023	¥ 14,324	¥ (18,699)	(57)

- Notes: 1. Income and losses on investment in securities related to our life insurance operations are recorded in life insurance premiums and related investment income in our consolidated statements of income.
2. Unrealized changes in fair value of investments in equity securities have been included in “Net gains on investment securities”.

Net gains on investment securities decreased 62% to ¥11,825 million in fiscal 2025 compared to fiscal 2024 primarily due to a decrease in gains on sales of securities and net unrealized holding gains (losses) on fund investments. Dividends income increased 9% to ¥2,499 million in fiscal 2025 compared to fiscal 2024. Due to the above results, gains on investment securities and dividends decreased 57% to ¥14,324 million in fiscal 2025 compared to fiscal 2024.

As of March 31, 2025, gross unrealized gains on available-for-sale debt securities, including those held in connection with our life insurance operations, were ¥25,470 million, compared to ¥41,989 million as of March 31, 2024. As of March 31, 2025, gross unrealized losses on available-for-sale debt securities, including those held in connection with our life insurance operations, were ¥591,199 million, compared to ¥391,817 million as of March 31, 2024.

Operating leases

	As of and for the year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Operating leases:				
Operating lease revenues	¥ 535,490	¥ 624,444	¥ 88,954	17
Costs of operating leases	356,760	394,821	38,061	11
New equipment acquisitions	572,084	758,837	186,753	33
Japan	240,889	316,726	75,837	31
Overseas	331,195	442,111	110,916	33
Investment in operating leases	1,868,574	1,967,178	98,604	5

Revenues from operating leases in fiscal 2025 increased 17% to ¥624,444 million compared to fiscal 2024 primarily due to an increase in revenues from leases in the ship leasing business and in the aircraft leasing business. In fiscal 2024 and 2025, gains from the disposition of operating lease assets were ¥53,441 million and ¥76,633 million, respectively.

Costs of operating leases increased 11% to ¥394,821 million in fiscal 2025 compared to fiscal 2024 primarily due to an increase in depreciation expenses resulting from an increase in investments in the ship leasing business and investments in the aircraft leasing business.

New equipment acquisitions related to operating leases increased 33% to ¥758,837 million in fiscal 2025 compared to fiscal 2024 primarily due to an increase in investments in the real estate leasing business, investments in the ship leasing business and investments in the aircraft leasing business.

Investment in operating leases as of March 31, 2025 increased 5% to ¥1,967,178 million compared to March 31, 2024 primarily due to an increase in investments in the real estate leasing business and investments in the measuring and information-related equipment rental business.

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Investment in operating leases by category:				
Transportation equipment	¥ 1,264,332	¥ 1,292,630	¥ 28,298	2
Measuring and information-related equipment	154,794	194,798	40,004	26
Real estate	261,706	309,810	48,104	18
Other	49,286	51,667	2,381	5
Right-of-use assets	87,359	73,518	(13,841)	(16)
Accrued rental receivables	54,230	46,248	(7,982)	(15)
Allowance for doubtful receivables on operating leases ..	(3,133)	(1,493)	1,640	—
Total	¥ 1,868,574	¥ 1,967,178	¥ 98,604	5

Investment in transportation equipment operating leases as of March 31, 2025 increased 2% to ¥1,292,630 million compared to March 31, 2024 primarily due to an increase in investments in the ship leasing business and an increase in investments in the aircraft leasing business. Investment in measuring and information-related equipment operating leases as of March 31, 2025 increased 26% to ¥194,798 million compared to March 31, 2024 primarily due to an increase in investments in the rental business. Investment in real estate operating leases as of March 31, 2025 increased 18% to ¥309,810 million compared to March 31, 2024 primarily due to an increase in investments in real estate under operating leases in Japan. Investment in other operating leases as of March 31, 2025 increased 5% to ¥51,667 million compared to March 31, 2024 primarily due to an increase in investments in the rental business.

For further information, see Note 6 of “Item 18. Financial Statements.”

Life insurance

We reflect all income and losses (other than provision for credit losses) that we recognize on securities and investment in partnerships and other investments, installment loans, real estate under operating leases and other investments held in connection with our life insurance operations as life insurance premiums and related investment income in our consolidated statements of income.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Life insurance premiums and related investment income and life insurance costs:				
Life insurance premiums	¥ 459,655	¥ 481,432	¥ 21,777	5
Life insurance-related investment income	99,268	33,827	(65,441)	(66)
Total	¥ 558,923	¥ 515,259	¥ (43,664)	(8)
Life insurance costs	¥ 433,863	¥ 384,753	¥ (49,110)	(11)

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Breakdown of life insurance-related investment income (loss):				
Net income on investment securities and investment in partnerships and other investments	¥ 95,219	¥ 30,574	¥ (64,645)	(68)
Gains and losses recognized in income on derivative ...	(2,896)	(3,263)	(367)	—
Interest on loans, income on real estate under operating leases, and others	6,945	6,516	(429)	(6)
Total	¥ 99,268	¥ 33,827	¥ (65,441)	(66)

Life insurance premiums and related investment income decreased 8% to ¥515,259 million in fiscal 2025 compared to fiscal 2024.

Life insurance premiums increased 5% to ¥481,432 million in fiscal 2025 compared to fiscal 2024 primarily due to an increase in annualized net premium from new policies and others.

Life insurance-related investment income decreased 66% to ¥33,827 million in fiscal 2025 compared to fiscal 2024. Net income on investment securities and investment in partnerships and other investments decreased mainly in investment income from assets under variable annuity and variable life insurance contracts.

Life insurance costs decreased 11% to ¥384,753 million in fiscal 2025 compared to fiscal 2024 primarily due to a decrease in a provision of liability reserve under variable annuity and variable life insurance contracts.

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Investments by life insurance operations:				
Equity securities and Investment in partnerships and other investments	¥ 305,256	¥ 314,049	¥ 8,793	3
Available-for-sale debt securities	1,960,981	1,956,269	(4,712)	(0)
Subtotal	2,266,237	2,270,318	4,081	0
Installment loans, real estate under operating leases and other investments	38,667	38,971	304	1
Total	¥ 2,304,904	¥ 2,309,289	¥ 4,385	0

Investment in securities as of March 31, 2025 increased to ¥2,270,318 million compared to March 31, 2024.

For further information, see Note 23 and Note 24 of “Item 18. Financial Statements.”

Sales of goods and real estate, Inventories

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Sales of goods and real estate, Inventories:				
Sales of goods and real estate	¥ 373,914	¥ 373,155	¥ (759)	(0)
Costs of goods and real estate sold	268,627	271,833	3,206	1
New real estate added	148,878	89,632	(59,246)	(40)
Inventories	227,359	229,229	1,870	1

Sales of goods and real estate remained flat at ¥373,155 million compared to fiscal 2024 primarily due to an increase in sales of goods and a decrease in sales of real estate.

Costs of goods and real estate sold increased 1% to ¥271,833 million compared to fiscal 2024, primarily due to an increase in costs of goods sold. Costs of goods and real estate sold include the upfront costs associated with advertising and creating model rooms.

New real estate added decreased 40% to ¥89,632 million in fiscal 2025 compared to fiscal 2024.

Inventories as of March 31, 2025 increased 1% to ¥229,229 million compared to March 31, 2024, primarily due to an increase in residential condominiums, as an increase in new real estate added exceeded a decrease due to sales.

For further information, see Note 4 of “Item 18. Financial Statements.”

Services, Property under Facility Operations

	As of and for the year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Services, Property under Facility Operations				
Services income	¥ 965,010	¥ 1,019,283	¥ 54,273	6
Services expense	560,101	604,145	44,044	8
New assets added	120,258	44,236	(76,022)	(63)
Japan	18,887	38,202	19,315	102
Overseas	101,371	6,034	(95,337)	(94)
Property under Facility Operations	689,573	771,851	82,278	12

Services income increased 6% to ¥1,019,283 million in fiscal 2025 compared to fiscal 2024 primarily due to an increase in income related to the asset management business.

Services expense increased 8% to ¥604,145 million in fiscal 2025 compared to fiscal 2024 primarily due to an increase in expenses related to the environment and energy business.

New assets added for property under facility operations decreased 63% to ¥44,236 million in fiscal 2025 compared to fiscal 2024 primarily due to a decrease in investments in electric power facilities overseas.

Property under facility operations as of March 31, 2025 increased 12% to ¥771,851 million compared to March 31, 2024 primarily due to investments in electric power facilities overseas and completion of domestic property under facility operations.

For further information, see Note 4 of “Item 18. Financial Statements.”

Expenses

Interest expense

Interest expense decreased 10% to ¥169,051 million in fiscal 2025 compared to ¥188,328 million in fiscal 2024. Our total outstanding short-term debt, long-term debt and deposits as of March 31, 2025 increased 3% to ¥8,732,610 million compared to ¥8,446,306 million as of March 31, 2024.

The average interest rate on our short-term debt, long-term debt and deposits in domestic currency, calculated on the basis of average monthly balances, increased 0.1% to 0.5% in fiscal 2025 compared to 0.4% in fiscal 2024. The average interest rate on our short-term debt, long-term debt and deposits in foreign currency, calculated on the basis of average monthly balances, decreased 0.1% to 5.1% in fiscal 2025 compared to 5.2% in fiscal 2024. For more information regarding our interest rate risk, see “Item 3. Key Information—Risk Factors.” For more information regarding our outstanding debt, see “Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Short-term and long-term debt and deposits.”

Other (income) and expense

Other (income) and expense was a net expense of ¥27,128 million during fiscal 2025 compared to a net income of ¥4,671 million during fiscal 2024. In other (income) and expense, we recognized foreign currency transaction losses of ¥3,518 million during fiscal 2025 compared to foreign currency transaction losses of ¥1,126 million during fiscal 2024, and we recognized impairment losses on goodwill and other intangible assets of ¥14,295 million during fiscal 2025 compared to impairment losses on goodwill and other intangible assets of ¥0 million during fiscal 2024. For further information on our goodwill and other intangible assets, see Note 13 of “Item 18. Financial Statements”.

Selling, general and administrative expenses

Selling, general and administrative expenses increased 3% to ¥646,054 million in fiscal 2025 compared to ¥627,633 million in fiscal 2024.

Employee salaries and other personnel expenses accounted for 57% of selling, general and administrative expenses in fiscal 2025, and the remaining portion consists of selling expenses and other administrative expenses, such as IT-related expenses and advertising expenses.

Write-downs of long-lived assets

As a result of impairment reviews we performed in fiscal 2025 for long-lived assets in Japan and overseas, such as office buildings, commercial facilities other than office buildings, condominiums, hotels, and land undeveloped or under construction, write-downs of long-lived assets increased by ¥24,209 million to ¥25,933 million in fiscal 2025 compared to ¥1,724 million in fiscal 2024. These write-downs, which are reflected as write-downs of long-lived assets, consisted of impairment losses of ¥31 million on 20 condominiums and ¥25,902 million on other long-lived assets, because the assets were classified as held for sale or the carrying amount exceeded the estimated undiscounted future cash flows. For further information, see Note 25 of “Item 18. Financial Statements.”

Write-downs of securities

Write-downs of securities in fiscal 2025 were in connection with non-marketable equity securities. Write-downs of securities decreased to ¥554 million in fiscal 2025 compared to ¥315 million in fiscal 2024. For further information, see Note 9 of “Item 18. Financial Statements.”

Equity in net income (loss) of equity method investments

Equity in net income (loss) of equity method investments increased in fiscal 2025 to ¥57,182 million compared to ¥36,774 million in fiscal 2024 due to increases in equity in net income (loss) of equity method investments from domestic investees, partially offset by decreases in equity net income (loss) of equity method investments from overseas investees. For further information, see Note 12 of “Item 18. Financial Statements.”

Gains on sales of subsidiaries and equity method investments and liquidation losses, net

Gains on sales of subsidiaries and equity method investments and liquidation losses, net increased to ¥87,705 million in fiscal 2025 compared to ¥72,488 million in fiscal 2024, due to the favorable profit from sales in Japan and the Americas. For further information, see Note 3 of “Item 18. Financial Statements.”

Bargain Purchase Gain

In fiscal 2025, we recognized bargain purchase gains of ¥3,750 million associated with one of the acquisitions executed in fiscal 2025 compared to no bargain purchase gain in fiscal 2024. For further information, see Note 3 of “Item 18. Financial Statements.”

Provision for income taxes

Provision for income taxes decreased to ¥128,828 million in fiscal 2025 compared to ¥131,388 million in fiscal 2024 primarily due to a decrease of the effective tax rate caused by the effect of lower tax rates on certain subsidiaries. For further information, see Note 16 of “Item 18. Financial Statements.”

Net income (loss) attributable to the noncontrolling interests

Net income (loss) attributable to the noncontrolling interests was recorded as a result of the noncontrolling interests in earnings of certain of our subsidiaries. Net loss attributable to the noncontrolling interests in fiscal 2025 was ¥389 million, compared to ¥7,682 million in fiscal 2024.

Net income attributable to the redeemable noncontrolling interests

Net income attributable to the redeemable noncontrolling interests was recorded as a result of the noncontrolling interests in the earnings of our subsidiaries that issued redeemable interests. Net income attributable to the redeemable noncontrolling interests in fiscal 2025 was ¥394 million, compared to ¥137 million in fiscal 2024. For further information, see Note 18 of “Item 18. Financial Statements.”

YEAR ENDED MARCH 31, 2024 COMPARED TO YEAR ENDED MARCH 31, 2023

Performance Summary

Financial Results

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except ratios, per Share data and percentages)				
Total revenues	¥ 2,663,659	¥ 2,814,361	¥ 150,702	6
Total expenses	2,327,736	2,453,648	125,912	5
Income before Income Taxes	392,178	469,975	77,797	20
Net Income Attributable to ORIX Corporation				
Shareholders	290,340	346,132	55,792	19
Earnings per Share (Basic)	245.98	298.55	52.57	21
(Diluted)	245.65	298.05	52.40	21
ROE* ¹	8.5	9.2	0.7	—
ROA* ²	1.96	2.19	0.23	—

*1 ROE is the ratio of Net Income Attributable to ORIX Corporation Shareholders for the period to average ORIX Corporation Shareholders' Equity based on fiscal year beginning and ending balances.

*2 ROA is the ratio of Net Income Attributable to ORIX Corporation Shareholders for the period to average Total Assets based on fiscal year beginning and ending balances.

Total revenues for fiscal 2024 increased 6% to ¥2,814,361 million compared to fiscal 2023 primarily due to increases in life insurance premiums and related investment income, services income, operating lease revenues and finance revenues, partially offset by a decrease in sales of goods and real estate.

Total expenses for fiscal 2024 increased 5% to ¥2,453,648 million compared to fiscal 2023 primarily due to increases in selling, general and administrative expenses, interest expense and life insurance costs, partially offset by decreases in costs of goods and real estate sold and services expense.

Equity in net income of equity method investments for fiscal 2024 increased by ¥14,693 million to ¥36,774 million compared to fiscal 2023 and gains on sales of subsidiaries and equity method investments and liquidation losses, net for fiscal 2024 increased by ¥39,488 million to ¥72,488 million compared to fiscal 2023.

Due to the above results, income before income taxes for fiscal 2024 increased 20% to ¥469,975 million compared to fiscal 2023 and net income attributable to ORIX Corporation shareholders increased 19% to ¥346,132 million compared to fiscal 2023.

Balance Sheet data

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen except ratios, per share and percentages)				
Total Assets	¥15,289,385	¥16,322,100	¥1,032,715	7
(Segment assets)	12,595,988	13,850,946	1,254,958	10
Total Liabilities	11,674,118	12,297,490	623,372	5
(Short-term and Long-term debt)	5,718,519	6,200,471	481,952	8
(Deposits)	2,246,345	2,245,835	(510)	(0)
ORIX Corporation Shareholders' Equity	3,543,607	3,941,466	397,859	11
ORIX Corporation Shareholders' Equity per share	3,027.93	3,422.94	395.01	13
ORIX Corporation Shareholders' Equity ratio *1	23.2 %	24.1 %	0.9 %	—
D/E ratio (Debt-to-equity ratio) (Short-term and Long-term debt (excluding deposits) / ORIX Corporation Shareholders' Equity)	1.6 x	1.6 x	— x	—

*1 ORIX Corporation Shareholders' Equity ratio is the ratio as of the period end of ORIX Corporation Shareholder's Equity to total assets.

Total assets increased 7% to ¥16,322,100 million compared to the balance as of March 31, 2023 primarily due to increases in investment in securities, investment in operating leases and equity method investments, partially offset by a decrease in cash and cash equivalents. In addition, segment assets increased 10% to ¥13,850,946 million compared to the balance as of March 31, 2023.

Total liabilities increased 5% to ¥12,297,490 million compared to the balance as of March 31, 2023 primarily due to increases in long-term debt and current and deferred income taxes.

Shareholders' equity increased 11% to ¥3,941,466 million compared to the balance as of March 31, 2023.

Details of Operating Results

The following is a discussion of certain items in the consolidated statements of income, operating assets in the consolidated balance sheets and other selected financial information, including on a segment by segment basis.

Segment Information

Our operating segments used by the chief operating decision maker to make decisions about resource allocations and assess performance are organized into ten segments based on our business management organization which is classified by the nature of major products and services, customer base, regulations, and business areas. The ten segments are Corporate Financial Services and Maintenance Leasing, Real Estate, PE Investment and Concession, Environment and Energy, Insurance, Banking and Credit, Aircraft and Ships, ORIX USA, ORIX Europe, and Asia and Australia.

Financial information about the operating segments reported below is that which is available by segment and regularly reviewed by the chief operating decision maker to make decisions about resource allocations and assess performance. The chief operating decision maker evaluates segment performance based on the amount equivalent to income before income taxes attributable to ORIX Corporation shareholders. Therefore, net income attributable to noncontrolling interests, net income attributable to redeemable noncontrolling interests, and income tax expenses are not included in segment profit or loss.

Since April 1, 2023, segment profits have been calculated with a broadened scope of profit sharing for inter-segment collaboration. As a result, segment data for fiscal 2023 has been retrospectively reclassified.

For a description of the business activities of our segments, see “Item 4. Information on the Company—Business Segments.” See Note 32 of “Item 18. Financial Statements” for additional segment information, a discussion of how we prepare our segment information and the reconciliation of segment totals to consolidated financial statement amounts.

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Segment Revenues:				
Corporate Financial Services and Maintenance				
Leasing	¥ 429,897	¥ 444,959	¥ 15,062	4
Real Estate	418,736	471,692	52,956	13
PE Investment and Concession	376,322	379,168	2,846	1
Environment and Energy	215,770	165,598	(50,172)	(23)
Insurance	499,487	563,869	64,382	13
Banking and Credit	84,774	88,574	3,800	4
Aircraft and Ships	54,665	65,191	10,526	19
ORIX USA	185,889	173,426	(12,463)	(7)
ORIX Europe	207,292	227,151	19,859	10
Asia and Australia	188,432	225,293	36,861	20
Segment Total	2,661,264	2,804,921	143,657	5
Difference between Segment Total and Consolidated				
Amounts	2,395	9,440	7,045	294
Consolidated Amounts	¥ 2,663,659	¥ 2,814,361	¥ 150,702	6
	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				

Segment Profits:				
Corporate Financial Services and Maintenance				
Leasing	¥ 76,739	¥ 83,244	¥ 6,505	8
Real Estate	52,532	67,055	14,523	28
PE Investment and Concession	3,159	43,967	40,808	—
Environment and Energy	37,173	38,072	899	2
Insurance	63,344	70,826	7,482	12
Banking and Credit	38,127	97,353	59,226	155
Aircraft and Ships	30,486	44,366	13,880	46
ORIX USA	58,608	27,931	(30,677)	(52)
ORIX Europe	44,486	41,638	(2,848)	(6)
Asia and Australia	43,856	47,069	3,213	7
Segment Total	448,510	561,521	113,011	25
Difference between Segment Total and Consolidated				
Amounts	(56,332)	(91,546)	(35,214)	—
Consolidated Amounts	¥ 392,178	¥ 469,975	¥ 77,797	20

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Segment Assets:				
Corporate Financial Services and Maintenance				
Leasing	¥ 1,763,967	¥ 1,777,320	¥ 13,353	1
Real Estate	1,049,180	1,110,087	60,907	6
PE Investment and Concession	869,866	1,066,647	196,781	23
Environment and Energy	889,529	976,434	86,905	10
Insurance	2,646,205	2,921,927	275,722	10
Banking and Credit	2,953,785	2,934,217	(19,568)	(1)
Aircraft and Ships	808,943	1,169,641	360,698	45
ORIX USA	1,624,884	1,694,484	69,600	4
ORIX Europe	612,884	662,139	49,255	8
Asia and Australia	1,484,569	1,709,233	224,664	15
Segment Total	14,703,812	16,022,129	1,318,317	9
Difference between Segment Total and Consolidated				
Amounts	585,573	299,971	(285,602)	(49)
Consolidated Amounts	¥15,289,385	¥16,322,100	¥1,032,715	7

Corporate Financial Services and Maintenance Leasing

Segment profits increased 8% to ¥83,244 million compared to fiscal 2023 primarily due to an increase in gains on investment securities and dividends and an increase in services income, partially offset by an increase in selling, general and administrative expenses.

Segment assets increased 1% to ¥1,777,320 million compared to the end of fiscal 2023 primarily due to an increase in investment in operating leases and an increase in installment loans.

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 60,133	¥ 61,428	¥ 1,295	2
Gains on investment securities and dividends	(519)	2,626	3,145	—
Operating leases	258,385	266,871	8,486	3
Sales of goods and real estate	5,356	3,934	(1,422)	(27)
Services income	106,542	110,100	3,558	3
Total Segment Revenues	429,897	444,959	15,062	4
Interest expense	4,661	5,418	757	16
Costs of operating leases	186,989	192,850	5,861	3
Costs of goods and real estate sold	3,988	3,234	(754)	(19)
Services expense	58,103	58,896	793	1
Other (income) and expense	17,275	14,896	(2,379)	(14)
Selling, general and administrative expenses	83,811	88,621	4,810	6
Provision for credit losses, and write-downs of long-lived assets and securities	1,107	960	(147)	(13)
Total Segment Expenses	355,934	364,875	8,941	3
Equity in Net income (Loss) of equity method investments and others	2,776	3,160	384	14
Segment Profits	¥ 76,739	¥ 83,244	¥ 6,505	8

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Net investment in leases	¥ 566,010	¥ 567,735	¥ 1,725	0
Installment loans	338,361	346,840	8,479	3
Investment in operating leases	511,184	535,655	24,471	5
Investment in securities	34,270	36,683	2,413	7
Property under facility operations	18,908	17,404	(1,504)	(8)
Inventories	1,104	928	(176)	(16)
Advances for finance lease and operating lease	1,566	3,400	1,834	117
Equity method investments	13,416	14,984	1,568	12
Goodwill, intangible assets acquired in business combinations	29,251	28,693	(558)	(2)
Other assets	249,897	224,998	(24,899)	(10)
Total Segment Assets	¥ 1,763,967	¥ 1,777,320	¥ 13,353	1

Real Estate

Segment profits increased 28% to ¥67,055 million compared to fiscal 2023 primarily due to an increase in services income from operating facilities.

Segment assets increased 6% to ¥1,110,087 million compared to the end of fiscal 2023 primarily due to an increase in inventories.

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 5,562	¥ 6,134	¥ 572	10
Gains on investment securities and dividends	(243)	857	1,100	—
Operating leases	55,544	50,205	(5,339)	(10)
Sales of goods and real estate	96,030	111,013	14,983	16
Services income	261,843	303,483	41,640	16
Total Segment Revenues	418,736	471,692	52,956	13
Interest expense	2,413	3,016	603	25
Costs of operating leases	24,895	24,972	77	0
Costs of goods and real estate sold	80,586	90,931	10,345	13
Services expense	230,136	248,195	18,059	8
Other (income) and expense	(627)	722	1,349	—
Selling, general and administrative expenses	36,643	41,542	4,899	13
Provision for credit losses, and write-downs of long-lived assets and securities	1,785	1,285	(500)	(28)
Total Segment Expenses	375,831	410,663	34,832	9
Equity in Net income (Loss) of equity method investments and others	9,627	6,026	(3,601)	(37)
Segment Profits	¥ 52,532	¥ 67,055	¥ 14,523	28

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Net investment in leases	¥ 57,587	¥ 51,978	¥ (5,609)	(10)
Installment loans	0	52	52	—
Investment in operating leases	302,698	278,191	(24,507)	(8)
Investment in securities	3,894	4,036	142	4
Property under facility operations	170,425	165,387	(5,038)	(3)
Inventories	108,789	174,990	66,201	61
Advances for finance lease and operating lease	112,973	114,649	1,676	1
Equity method investments	117,040	143,751	26,711	23
Advances for property under facility operations	6,625	8,183	1,558	24
Goodwill, intangible assets acquired in business combinations	54,996	52,898	(2,098)	(4)
Other assets	114,153	115,972	1,819	2
Total Segment Assets	¥ 1,049,180	¥ 1,110,087	¥ 60,907	6

PE Investment and Concession

Segment profits increased by ¥40,808 million to ¥43,967 million compared to fiscal 2023 primarily due to an increase in gains on sales of subsidiaries and equity method investments resulting from the sale of certain investees and an increase in equity income of investment in corporate entities at our three airports in Kansai in our concession business.

Segment assets increased 23% to ¥1,066,647 million compared to the end of fiscal 2023 primarily due to an increase in installment loans and an increase in equity method investments.

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 1,026	¥ 6,679	¥ 5,653	551
Gains on investment securities and dividends	348	1,207	859	247
Operating leases	38,653	41,529	2,876	7
Sales of goods and real estate	280,361	249,085	(31,276)	(11)
Services income	55,934	80,668	24,734	44
Total Segment Revenues	376,322	379,168	2,846	1
Interest expense	2,054	2,978	924	45
Costs of operating leases	24,900	26,244	1,344	5
Costs of goods and real estate sold	240,942	168,404	(72,538)	(30)
Services expense	40,900	58,677	17,777	43
Other (income) and expense	2,193	(2,330)	(4,523)	—
Selling, general and administrative expenses	56,449	89,864	33,415	59
Provision for credit losses, and write-downs of long-lived assets and securities	195	366	171	88
Total Segment Expenses	367,633	344,203	(23,430)	(6)
Equity in Net income (Loss) of equity method investments and others	(5,530)	9,002	14,532	—
Segment Profits	¥ 3,159	¥ 43,967	¥ 40,808	—

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Net investment in leases	¥ 1,616	¥ 1,238	¥ (378)	(23)
Installment loans	14,225	115,629	101,404	713
Investment in operating leases	52,976	56,286	3,310	6
Investment in securities	36,058	36,729	671	2
Property under facility operations	51,978	41,416	(10,562)	(20)
Inventories	48,716	47,553	(1,163)	(2)
Advances for finance lease and operating lease	4	5	1	25
Equity method investments	28,796	118,310	89,514	311
Advances for property under facility operations	2,354	4,466	2,112	90
Goodwill, intangible assets acquired in business combinations	368,748	351,202	(17,546)	(5)
Other assets	264,395	293,813	29,418	11
Total Segment Assets	¥ 869,866	¥1,066,647	¥ 196,781	23

Environment and Energy

Segment profits increased 2% to ¥38,072 million compared to fiscal 2023 primarily due to an increase in service profit, partially offset by a decrease in the absence of gains on the sale of shares of subsidiaries and equity method investments resulting from the partial sale of an investee recorded in fiscal 2023.

Segment assets increased 10% to ¥976,434 million compared to the end of fiscal 2023, primarily due to foreign exchange effects.

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 1,230	¥ 1,478	¥ 248	20
Gains on investment securities and dividends . .	22	1,784	1,762	—
Operating leases	78	79	1	1
Sales of goods and real estate	4,200	3,771	(429)	(10)
Services income	210,240	158,486	(51,754)	(25)
Total Segment Revenues	215,770	165,598	(50,172)	(23)
Interest expense	8,063	11,093	3,030	38
Costs of operating leases	19	18	(1)	(5)
Costs of goods and real estate sold	2,627	2,236	(391)	(15)
Services expense	167,733	110,106	(57,627)	(34)
Other (income) and expense	(194)	(4,633)	(4,439)	—
Selling, general and administrative expenses . .	16,276	18,670	2,394	15
Provision for credit losses, and write-downs of long-lived assets and securities	50	151	101	202
Total Segment Expenses	194,574	137,641	(56,933)	(29)
Equity in Net income (Loss) of equity method investments and others	15,977	10,115	(5,862)	(37)
Segment Profits	¥ 37,173	¥ 38,072	¥ 899	2

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Net investment in leases	¥ 6,723	¥ 3,104	¥ (3,619)	(54)
Installment loans	2,138	2,255	117	5
Investment in operating leases	264	250	(14)	(5)
Investment in securities	1,580	571	(1,009)	(64)
Property under facility operations	362,043	453,252	91,209	25
Inventories	9,825	2,463	(7,362)	(75)
Advances for finance lease and operating lease	1	0	(1)	—
Equity method investments	188,436	219,018	30,582	16
Advances for property under facility operations	88,493	44,962	(43,531)	(49)
Goodwill, intangible assets acquired in business combinations	114,114	121,174	7,060	6
Other assets	115,912	129,385	13,473	12
Total Segment Assets	¥ 889,529	¥ 976,434	¥ 86,905	10

Insurance

Segment profits increased 12% to ¥70,826 million compared to fiscal 2023 primarily due to an increase in life insurance premiums and related investment income.

Segment assets increased 10% to ¥2,921,927 million compared to the end of fiscal 2023 primarily due to an increase in investment in securities.

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 300	¥ 300	¥ 0	—
Life insurance premiums and related investment income	496,561	561,533	64,972	13
Services income	2,626	2,036	(590)	(22)
Total Segment Revenues	499,487	563,869	64,382	13
Interest expense	11	14	3	27
Life insurance costs	375,326	433,827	58,501	16
Other (income) and expense	(3)	98	101	—
Selling, general and administrative expenses	60,815	59,309	(1,506)	(2)
Provision for credit losses, and write-downs of long-lived assets and securities	(1)	(2)	(1)	—
Total Segment Expenses	436,148	493,246	57,098	13
Equity in Net income (Loss) of equity method investments and others	5	203	198	—
Segment Profits	¥ 63,344	¥ 70,826	¥ 7,482	12

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Installment loans	¥ 18,109	¥ 11,792	¥ (6,317)	(35)
Investment in operating leases	27,467	26,876	(591)	(2)
Investment in securities	1,982,573	2,236,495	253,922	13
Equity method investments	17,577	29,742	12,165	69
Goodwill, intangible assets acquired in business combinations	4,686	4,452	(234)	(5)
Other assets	595,793	612,570	16,777	3
Total Segment Assets	¥ 2,646,205	¥ 2,921,927	¥ 275,722	10

Banking and Credit

Segment profits increased 155% to ¥97,353 million compared to fiscal 2023 due to an increase in gains on sales of subsidiaries and equity method investments resulting from the partial sale of shares of ORIX Credit.

Segment assets decreased 1% to ¥2,934,217 million compared to the end of fiscal 2023 primarily due to decreases in other assets and trade notes, accounts and other receivable resulting from the partial sale of shares of ORIX Credit, partially offset by an increase in equity method investments.

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 78,066	¥ 80,653	¥ 2,587	3
Gains on investment securities and dividends	(351)	600	951	—
Services income	7,059	7,321	262	4
Total Segment Revenues	84,774	88,574	3,800	4
Interest expense	5,181	5,302	121	2
Services expense	7,229	6,254	(975)	(13)
Other (income) and expense	(318)	(306)	12	—
Selling, general and administrative expenses	33,351	32,886	(465)	(1)
Provision for credit losses, and write-downs of long-lived assets and securities	716	4,064	3,348	468
Total Segment Expenses	46,159	48,200	2,041	4
Equity in Net income (Loss) of equity method investments and others	(488)	56,979	57,467	—
Segment Profits	¥ 38,127	¥ 97,353	¥ 59,226	155

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Installment loans	¥ 2,395,340	¥ 2,378,183	¥ (17,157)	(1)
Investment in securities	289,621	311,237	21,616	7
Inventories	9	0	(9)	—
Equity method investments	2,006	43,601	41,595	—
Goodwill, intangible assets acquired in business combinations	11,771	0	(11,771)	—
Other assets	255,038	201,196	(53,842)	(21)
Total Segment Assets	¥ 2,953,785	¥ 2,934,217	¥ (19,568)	(1)

Aircraft and Ships

Segment profits increased 46% to ¥44,366 million compared to fiscal 2023 primarily due to an increase in operating leases revenues in our aircraft business.

Segment assets increased 45% to ¥1,169,641 million compared to the end of fiscal 2023 primarily due to an increase in investment in operating leases resulting from the acquisition of an investee in our ship-related business and due to general foreign exchange effects.

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 7,312	¥ 7,769	¥ 457	6
Gains on investment securities and dividends	(1,350)	(130)	1,220	—
Operating leases	37,208	48,074	10,866	29
Sales of goods and real estate	624	97	(527)	(84)
Services income	10,871	9,381	(1,490)	(14)
Total Segment Revenues	54,665	65,191	10,526	19
Interest expense	6,974	11,596	4,622	66
Costs of operating leases	16,898	18,853	1,955	12
Costs of goods and real estate sold	647	96	(551)	(85)
Services expense	2,103	1,783	(320)	(15)
Other (income) and expense	(4,024)	(3,600)	424	—
Selling, general and administrative expenses	10,369	10,345	(24)	(0)
Provision for credit losses, and write-downs of long-lived assets and securities	1	3	2	200
Total Segment Expenses	32,968	39,076	6,108	19
Equity in Net income (Loss) of equity method investments and others	8,789	18,251	9,462	108
Segment Profits	¥ 30,486	¥ 44,366	¥ 13,880	46

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Installment loans	¥ 75,914	¥ 60,468	¥ (15,446)	(20)
Investment in operating leases	295,858	557,867	262,009	89
Investment in securities	5,112	11,960	6,848	134
Inventories	37	733	696	—
Advances for finance lease and operating lease	0	9,232	9,232	—
Equity method investments	347,508	399,061	51,553	15
Goodwill, intangible assets acquired in business combinations	18,461	19,114	653	4
Other assets	66,053	111,206	45,153	68
Total Segment Assets	¥ 808,943	¥ 1,169,641	¥ 360,698	45

ORIX USA

Segment profits decreased 52% to ¥27,931 million compared to fiscal 2023 primarily due to a decrease in gains on investment securities and dividends and a decrease in gains on sales of subsidiaries and equity method investments.

Segment assets increased 4% to ¥1,694,484 million compared to the end of fiscal 2023, primarily due to foreign exchange effects, partially offset by a decrease in installment loans.

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 106,875	¥ 112,545	¥ 5,670	5
Gains on investment securities and dividends	29,209	6,446	(22,763)	(78)
Operating leases	426	1,225	799	188
Sales of goods and real estate	2,034	602	(1,432)	(70)
Services income	47,345	52,608	5,263	11
Total Segment Revenues	185,889	173,426	(12,463)	(7)
Interest expense	34,056	47,466	13,410	39
Costs of operating leases	216	547	331	153
Costs of goods and real estate sold	1,161	310	(851)	(73)
Services expense	4,871	4,331	(540)	(11)
Other (income) and expense	2,447	(2,078)	(4,525)	—
Selling, general and administrative expenses	85,515	85,483	(32)	(0)
Provision for credit losses, and write-downs of long-lived assets and securities	4,741	7,937	3,196	67
Total Segment Expenses	133,007	143,996	10,989	8
Equity in Net income (Loss) of equity method investments and others	5,726	(1,499)	(7,225)	—
Segment Profits	¥ 58,608	¥ 27,931	¥ (30,677)	(52)

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Net investment in leases	¥ 483	¥ 505	¥ 22	5
Installment loans	747,783	699,384	(48,399)	(6)
Investment in operating leases	3,612	9,858	6,246	173
Investment in securities	384,082	509,172	125,090	33
Property under facility operations and servicing assets	81,291	79,747	(1,544)	(2)
Inventories	142	159	17	12
Equity method investments	87,513	61,415	(26,098)	(30)
Goodwill, intangible assets acquired in business combinations	157,811	176,785	18,974	12
Other assets	162,167	157,459	(4,708)	(3)
Total Segment Assets	¥1,624,884	¥1,694,484	¥ 69,600	4

ORIX Europe

Segment profits decreased 6% to ¥41,638 million compared to fiscal 2023 primarily due to an increase in interest expense related to the investment in OCE.

Segment assets increased 8% to ¥662,139 million compared to the end of fiscal 2023, primarily due to foreign exchange effects.

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 812	¥ 2,409	¥ 1,597	197
Gains on investment securities and dividends	(1,349)	10,711	12,060	—
Services income	207,829	214,031	6,202	3
Total Segment Revenues	207,292	227,151	19,859	10
Interest expense	506	289	(217)	(43)
Services expense	48,921	54,224	5,303	11
Other (income) and expense	609	2,666	2,057	338
Selling, general and administrative expenses	112,129	130,496	18,367	16
Provision for credit losses, and write-downs of long-lived assets and securities	0	217	217	—
Total Segment Expenses	162,165	187,892	25,727	16
Equity in Net income (Loss) of equity method investments and others	(641)	2,379	3,020	—
Segment Profits	¥ 44,486	¥ 41,638	¥ (2,848)	(6)

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Investment in securities	¥ 76,648	¥ 82,568	¥ 5,920	8
Equity method investments	10,213	11,907	1,694	17
Goodwill, intangible assets acquired in business combinations	331,080	364,773	33,693	10
Other assets	194,943	202,891	7,948	4
Total Segment Assets	¥ 612,884	¥ 662,139	¥ 49,255	8

Asia and Australia

Segment profits increased 7% to ¥47,069 million compared to fiscal 2023 primarily due to increases in operating leases revenues and gains on investment securities and dividends, partially offset by the absence of gains on sales of subsidiaries and equity method investments recorded in fiscal 2023 and an increase in provision for credit losses.

Segment assets increased 15% to ¥1,709,233 million compared to the end of fiscal 2023, primarily due to foreign exchange effects.

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Finance revenues	¥ 59,933	¥ 70,836	¥ 10,903	18
Gains on investment securities and dividends	1,574	7,885	6,311	401
Operating leases	104,614	122,624	18,010	17
Sales of goods and real estate	1,698	425	(1,273)	(75)
Services income	20,613	23,523	2,910	14
Total Segment Revenues	188,432	225,293	36,861	20
Interest expense	23,088	35,737	12,649	55
Costs of operating leases	78,950	90,336	11,386	14
Costs of goods and real estate sold	1,673	400	(1,273)	(76)
Services expense	12,214	15,039	2,825	23
Other (income) and expense	147	(1,490)	(1,637)	—
Selling, general and administrative expenses	37,844	41,558	3,714	10
Provision for credit losses, and write-downs of long-lived assets and securities	2,601	8,027	5,426	209
Total Segment Expenses	156,517	189,607	33,090	21
Equity in Net income (Loss) of equity method investments and others	11,941	11,383	(558)	(5)
Segment Profits	¥ 43,856	¥ 47,069	¥ 3,213	7

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Net investment in leases	¥ 454,961	¥ 530,426	¥ 75,465	17
Installment loans	312,809	343,936	31,127	10
Investment in operating leases	329,549	395,573	66,024	20
Investment in securities	36,444	33,520	(2,924)	(8)
Property under facility operations	1,184	1,849	665	56
Inventories	202	224	22	11
Advances for finance lease and operating lease	3,720	3,017	(703)	(19)
Equity method investments	249,481	271,682	22,201	9
Goodwill, intangible assets acquired in business combinations	6,746	7,313	567	8
Other assets	89,473	121,693	32,220	36
Total Segment Assets	¥1,484,569	¥1,709,233	¥224,664	15

Revenues, New Business Volumes and Investments

Finance revenues

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				

Finance revenues:

Finance revenues	¥ 319,478	¥ 348,001	¥ 28,523	9
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Finance revenues increased 9% to ¥348,001 million for fiscal 2024 compared to fiscal 2023 primarily due to an increase in interest rates in the Americas and changes in foreign currency exchange rates.

Net investment in leases

	As of and for the year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				

Net investment in leases:

New equipment acquisitions	¥ 512,684	¥ 535,985	¥ 23,301	5
Japan	205,011	212,462	7,451	4
Overseas	307,673	323,523	15,850	5
Net investment in leases	1,087,563	1,155,023	67,460	6

New equipment acquisitions related to net investment in leases increased 5% to ¥535,985 million compared to fiscal 2023. In Japan, new equipment acquisitions increased 4% in fiscal 2024 compared to fiscal 2023. In overseas, new equipment acquisitions increased 5% in fiscal 2024 compared to fiscal 2023 primarily due to increases in Asia.

Net investment in leases as of March 31, 2024 increased 6% to ¥1,155,023 million compared to March 31, 2023 primarily due to increases in assets in overseas.

As of March 31, 2024, no single lessee represented more than 1% of the balance of net investment in leases. As of March 31, 2024, 54% of our net investment in leases were to lessees in Japan, while 46% were to overseas lessees. 11% of our net investment in leases were to lessees in China, 8% of our net investment in leases were to lessees in South Korea, and 7% and 5% of our net investment in leases were to lessees in Malaysia and Indonesia, respectively. No other overseas country represented more than 5% of our total portfolio of net investment in leases.

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				

Net investment in leases by category:

Transportation equipment	¥ 451,936	¥ 521,006	¥ 69,070	15
Industrial equipment	251,577	231,867	(19,710)	(8)
Electronics	107,428	98,313	(9,115)	(8)
Information-related and office equipment	104,236	118,784	14,548	14
Commercial services equipment	47,243	66,377	19,134	41
Other	125,143	118,676	(6,467)	(5)
Total	¥1,087,563	¥1,155,023	¥ 67,460	6

For further information, see Note 6 of “Item 18. Financial Statements.”

Installment loans

	As of and for the year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Installment loans:				
New loans added	¥1,277,590	¥1,433,243	¥ 155,653	12
Japan	889,855	1,064,986	175,131	20
Overseas	387,735	368,257	(19,478)	(5)
Installment loans	3,905,026	3,958,814	53,788	1

Note: The balance of installment loans related to our life insurance operations is included in installment loans in our consolidated balance sheets; however, income and losses on these loans are recorded in life insurance premiums and related investment income in our consolidated statements of income.

New loans added increased 12% to ¥1,433,243 million compared to fiscal 2023. In Japan, new loans added increased 20% to ¥1,064,986 million compared to fiscal 2023. In overseas, new loans added decreased 5% to ¥368,257 million compared to fiscal 2023 primarily due to decreased lending activity in the Americas.

The balance of installment loans as of March 31, 2024 increased 1% to ¥3,958,814 million compared to March 31, 2023, primarily due to foreign exchange effects, partially offset by decreases in the new loans added in the Americas, as well as the collection amounts exceeding the new loans added in Asia.

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Installment loans:				
Consumer borrowers in Japan				
Real estate loans	¥1,949,865	¥1,851,214	¥ (98,651)	(5)
Card loans	171,635	72,353	(99,282)	(58)
Other	29,688	5,680	(24,008)	(81)
Subtotal	2,151,188	1,929,247	(221,941)	(10)
Corporate borrowers in Japan				
Real estate companies	296,228	334,506	38,278	13
Non-recourse loans	124,499	145,286	20,787	17
Commercial, industrial and other companies	165,951	187,824	21,873	13
Subtotal	586,678	667,616	80,938	14
Consumer borrowers in overseas				
Real estate loans	107,094	96,247	(10,847)	(10)
Other	43,054	47,415	4,361	10
Subtotal	150,148	143,662	(6,486)	(4)
Corporate borrowers in overseas				
Real estate companies	277,839	190,630	(87,209)	(31)
Non-recourse loans	38,654	50,263	11,609	30
Commercial, industrial and other companies	660,840	705,494	44,654	7
Subtotal	977,333	946,387	(30,946)	(3)
Equity method investees	27,424	251,929	224,505	819
Purchased loans*	12,255	19,973	7,718	63
Total	¥3,905,026	¥3,958,814	¥ 53,788	1

* Purchased loans represent loans with evidence of deterioration of credit quality since origination and for which it is probable at acquisition that collection of all contractually required payments from the debtors is unlikely.

As of March 31, 2024, ¥11,792 million, or 0.4%, of our portfolio of installment loans to consumer and corporate borrowers in Japan related to our life insurance operations. We reflect income from these loans as life insurance premiums and related investment income in our consolidated statements of income.

As of March 31, 2024, ¥525,136 million, or 13%, of the balance of installment loans were to real estate companies in Japan and overseas.

The balance of installment loans to consumer borrowers in Japan as of March 31, 2024 decreased 10% to ¥1,929,247 million compared to the balance as of March 31, 2023, primarily due to a decrease in the balance of card loans associated with the sale of a subsidiary and a decrease in the balance of real estate loans for consumers. The balance of installment loans to corporate borrowers in Japan as of March 31, 2024 increased 14% to ¥667,616 million compared to the balance as of March 31, 2023, primarily due to an increase in new loans added. The balance of installment loans to consumer borrowers in overseas as of March 31, 2024 decreased 4% to ¥143,662 million compared to the balance as of March 31, 2023, primarily due to a decrease in Asia despite foreign exchange effects. The balance of installment loans to corporate borrowers in overseas as of March 31, 2024 decreased 3% to ¥946,387 million compared to the balance as of March 31, 2023, in line with the aforementioned decrease in the Americas and Asia, partially offset by foreign exchange effects. The balance of installment loans to equity method investees as of March 31, 2024 increased 819% to ¥251,929 million compared to the balance as of March 31, 2023, primarily due to an increase in new loans added and recognition of installment loans associated with the partial sale of an interest in a subsidiary.

For further information, see Note 7 of “Item 18. Financial Statements”.

Asset quality

Net investment in leases

	As of March 31,	
	2023	2024
	(Millions of yen, except percentage data)	
Non-performing net investment in leases and allowance for credit losses on net investment in leases:		
Non-performing net investment in leases	¥16,841	¥20,805
Non-performing net investment in leases as a percentage of the balance of net investment in leases	1.55%	1.80%
Provision for credit losses as a percentage of the average balance of net investment in leases*	0.16%	0.27%
Allowance for credit losses on net investment in leases	¥15,719	¥16,780
Allowance for credit losses on net investment in leases as a percentage of the balance of net investment in leases	1.45%	1.45%
The ratio of charge-offs as a percentage of the average balance of net investment in leases*	0.24%	0.23%

* Average balances are calculated on the basis of fiscal year’s beginning balance and fiscal quarter-end balances.

The balance of non-performing net investment in leases increased ¥3,964 million to ¥20,805 million as of March 31, 2024 compared to March 31, 2023. As a result, the non-performing net investment in leases as a percentage of net investment in leases as of March 31, 2024 increased 0.25% to 1.80% from March 31, 2023.

We believe that the ratio of allowance for credit losses to the balance of investment in net investment in leases provides a reasonable indication that our allowance for credit losses was appropriate as of March 31, 2024 for the following reasons:

- lease receivables are generally diversified and the amount of realized loss on any particular contract is likely to be relatively small; and
- all lease contracts are secured by collateral consisting of the underlying leased assets, and we can expect to recover at least a portion of the outstanding lease receivables by selling the collateral.

Loans not individually assessed for credit losses

	As of March 31,	
	2023	2024
	(Millions of yen, except percentage data)	
Non-performing loans not individually assessed for credit losses and allowance for credit losses on installment loans not individually assessed for credit losses:		
Non-performing loans not individually assessed for credit losses	¥33,706	¥34,154
Non-performing loans not individually assessed for credit losses as a percentage of the balance of installment loans not individually assessed for credit losses	0.87%	0.87%
Provision for credit losses as a percentage of the average balance of installment loans not individually assessed for credit losses*	0.14%	0.17%
Allowance for credit losses on installment loans not individually assessed for credit losses	¥39,460	¥25,975
Allowance for credit losses on installment loans not individually assessed for credit losses as a percentage of the balance of installment loans not individually assessed for credit losses	1.02%	0.67%
The ratio of charge-offs as a percentage of the average balance of loans not individually assessed for credit losses*	0.10%	0.20%

* Average balances are calculated on the basis of fiscal year's beginning balance and fiscal quarter-end balances.

The provision for credit losses as a percentage of the average balance of installment loans not individually assessed for credit losses increased 0.03% compared to fiscal 2023, primarily due to the re-evaluation of past loss experience and forecasted future economic indicators such as GDP growth rates and unemployment rates in Japan and Asia.

The balance of non-performing loans not individually assessed that are estimated for credit losses by using installment loans with similar risk characteristics as one pool increased ¥448 million to ¥34,154 million as of March 31, 2024 compared to March 31, 2023.

	As of March 31,	
	2023	2024
	(Millions of yen)	
Non-performing loans not individually assessed for credit losses:		
Consumer borrowers in Japan		
Real estate loans	¥ 1,302	¥ 861
Card loans	1,588	0
Other	6,312	0
Subtotal	9,202	861
Corporate borrowers in Japan		
Real estate companies	53	75
Commercial, industrial and other companies	191	165
Subtotal	244	240
Consumer borrowers in overseas		
Real estate loans	316	340
Other	331	658
Subtotal	647	998
Corporate borrowers in overseas		
Real estate companies	13,617	17,057
Non-recourse loans	2,314	2,057
Commercial, industrial and other companies	7,682	12,711
Subtotal	23,613	31,825
Loans to Equity method investees	0	230
Total	¥ 33,706	¥ 34,154

We recognize allowances for real estate loans, card loans and other loans to individual borrowers after careful evaluation of the value of collateral underlying the loans, past loss experience and any economic conditions that we believe may affect the default rate. We determine the allowance for our other items on the basis of past loss experience, the forecasted future economic indicators correlated with the prior charge-off experience and the current portfolio composition.

Loans individually assessed for credit losses

	As of March 31,	
	2023	2024
	(Millions of yen)	
Non-performing loans individually assessed for credit losses and allowance for credit losses on installment loans individually assessed for credit losses:		
Non-performing installment loans individually assessed for credit losses	¥48,304	¥54,422
Allowance for credit losses on installment loans individually assessed for credit losses*	9,361	14,335

* The allowance is individually evaluated based on the present value of expected future cash flows, the loan's observable market price or the fair value of the collateral securing the loans if the loans are collateral dependent.

The provision for credit losses on installment loans individually assessed for credit losses was ¥5,487 million and ¥10,806 million, respectively, in fiscal 2023 and fiscal 2024. The charge-off of installment loans individually assessed for credit losses was ¥9,605 million and ¥4,295 million, respectively, in fiscal 2023 and fiscal 2024. The provision for credit losses on installment loans individually assessed for credit losses increased ¥5,319 million compared to fiscal 2023. The provision for credit losses on loans individually assessed increased mainly in the Americas. The charge-off of installment loans individually assessed for credit losses decreased ¥5,310 million compared to fiscal 2023.

The table below sets forth the outstanding balance of non-performing loans individually assessed for credit losses by region and type of borrower as of the dates indicated. Consumer loans in Japan primarily consist of restructured smaller-balance homogeneous loans individually assessed for credit losses.

	As of March 31,	
	2023	2024
	(Millions of yen)	
Non-performing loans individually assessed for credit losses:		
Consumer borrowers in Japan		
Real estate loans	¥11,161	¥11,210
Card loans	3,655	0
Other	14,527	96
Subtotal	29,343	11,306
Corporate borrowers in Japan		
Real estate companies	2,022	1,401
Commercial, industrial and other companies	1,239	392
Subtotal	3,261	1,793
Consumer borrowers in overseas		
Real estate loans	231	767
Other	774	1,702
Subtotal	1,005	2,469
Corporate borrowers in overseas		
Real estate companies	0	1,125
Non-recourse loans	933	1,058
Commercial, industrial and other companies	12,075	34,092
Subtotal	13,008	36,275
Loans to Equity method investees	666	1,699
Purchased loans	1,021	880
Total	¥48,304	¥54,422

Troubled debt restructuring

A troubled debt restructuring is defined as a restructuring of a financing receivable in which the creditor grants a concession to the debtor for economic or other reasons related to the debtor's financial difficulties. The balance of pre-modification outstanding recorded investment of troubled debt restructurings for financing receivables occurred during fiscal 2023 was ¥18,487 million and the balance of post-modification outstanding recorded investment was ¥16,678 million for fiscal 2023.

While there were certain other payment deferral requests for financing receivables which we accepted, due to the spread of the COVID-19, those receivables are not included in the troubled debt restructuring as we determined those deferrals did not meet the definition of troubled debt restructuring.

For further information, see Note 8 of “Item 18. Financial Statements.”

Allowance for credit losses

We recognize allowances for credit losses on net investment in leases and installment loans.

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Allowance for credit losses:				
Beginning balance	¥ 66,091	¥ 64,540	¥ (1,551)	(2)
Net investment in leases	16,303	15,719	(584)	(4)
Loans not individually assessed for credit losses	36,932	39,460	2,528	7
Loans individually assessed for credit losses	12,856	9,361	(3,495)	(27)
Provision (Reversal) *1	12,486	20,652	8,166	65
Net investment in leases	1,678	3,064	1,386	83
Loans not individually assessed for credit losses	5,321	6,782	1,461	27
Loans individually assessed for credit losses	5,487	10,806	5,319	97
Charge-offs (net)	(16,187)	(14,633)	1,554	(10)
Net investment in leases	(2,610)	(2,609)	1	(0)
Loans not individually assessed for credit losses	(3,972)	(7,729)	(3,757)	95
Loans individually assessed for credit losses	(9,605)	(4,295)	5,310	(55)
Other *2	2,150	(13,469)	(15,619)	—
Net investment in leases	348	606	258	74
Loans not individually assessed for credit losses	1,179	(12,538)	(13,717)	—
Loans individually assessed for credit losses	623	(1,537)	(2,160)	—
Ending balance	64,540	57,090	(7,450)	(12)
Net investment in leases	15,719	16,780	1,061	7
Loans not individually assessed for credit losses	39,460	25,975	(13,485)	(34)
Loans individually assessed for credit losses	9,361	14,335	4,974	53

*1 “Provision for credit losses” in the consolidated statements of income amounted to ¥8,117 million and ¥20,968 million for fiscal 2023 and 2024, respectively, and the amounts include provision for credit losses on other than net investment in leases and installment loans.

*2 “Other” mainly includes foreign currency translation adjustments and increases or decreases in allowance due to consolidation or deconsolidation of subsidiaries.

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Provision for credit losses:				
Net investment in leases	¥ 1,678	¥ 3,064	¥ 1,386	83
Loans not individually assessed for credit losses	5,321	6,782	1,461	27
Loans individually assessed for credit losses	5,487	10,806	5,319	97
Subtotal	12,486	20,652	8,166	65
Off-balance sheet credit exposures	(4,542)	(440)	4,102	(90)
Available-for-sale debt securities	(21)	445	466	—
Other financial assets measured at amortized cost	194	311	117	60
Total	¥ 8,117	¥ 20,968	¥12,851	158

The provision on installment loans not individually assessed for credit losses were ¥5,321 million and ¥6,782 million in fiscal 2023 and 2024, respectively. The provision for credit losses on loans not individually assessed in fiscal 2024 increased compared to fiscal 2023 primarily due to the re-valuation of past loss experience and forecasted future economic indicators such as GDP growth rates and unemployment rates in Japan and the Asia region.

The provision on installment loans individually assessed for credit losses were ¥5,487 million and ¥10,806 million in fiscal 2023 and 2024, respectively. The provision for credit losses on loans individually assessed increased mainly in the Americas.

The provision for credit losses on off-balance sheet credit exposures in fiscal 2023 was a reversal of ¥4,542 million, which was mainly caused by economic recovery from the COVID-19 pandemic in the Americas. The provision for credit losses on off-balance sheet credit exposures in fiscal 2024 was a reversal of ¥440 million, which was mainly caused by the re-valuation of past loss experience, current economic and business conditions and forecasts in Japan.

For further information, see Note 8 of “Item 18. Financial Statements.” In addition, for further information about allowance for off-balance sheet credit exposures and allowance for credit losses on available-for-sale debt securities, see Note 31 and 9 of “Item 18. Financial Statements.”

Investment in Securities

	As of and for the year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Investment in securities:				
New securities added	¥ 571,404	¥ 628,060	¥ 56,656	10
Japan	476,082	521,835	45,753	10
Overseas	95,322	106,225	10,903	11
Investment in securities	2,852,378	3,263,079	410,701	14

Note: The balance of investment in securities related to our life insurance operations is included in investment in securities in our consolidated balance sheets; however, income and losses on these investment in securities are recorded in life insurance premiums and related investment income in our consolidated statements of income.

New securities added increased to ¥628,060 million in fiscal 2024 compared to fiscal 2023. New securities added in Japan increased 10% in fiscal 2024 compared to fiscal 2023 primarily due to an increase in investments in government bond securities and corporate debt securities. New securities added overseas increased 11% in fiscal 2024 compared to fiscal 2023 primarily due to an increase in CMBS/RMBS and other asset-backed securities and debt securities.

The balance of our investment in securities as of March 31, 2024 increased 14% to ¥3,263,079 million compared to March 31, 2023.

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Investment in securities by security type:				
Equity securities	¥ 500,832	¥ 597,601	¥ 96,769	19
Trading debt securities	2,179	0	(2,179)	—
Available-for-sale debt securities	2,234,608	2,665,478	430,870	19
Held-to-maturity debt securities	114,759	0	(114,759)	—
Total	<u>¥2,852,378</u>	<u>¥3,263,079</u>	<u>¥ 410,701</u>	14

Investments in equity securities as of March 31, 2024 increased 19% to ¥597,601 million compared to March 31, 2023 primarily due to an increase in fund investments in Japan and in the Americas. Investments in available-for-sale debt securities as of March 31, 2024 increased 19% to ¥2,665,478 million compared to March 31, 2023 primarily due to an increase in investments in government bond securities and corporate debt securities in Japan, and CMBS/RMBS and other asset-backed securities and debt securities in the Americas.

For further information, see Note 9 of “Item 18. Financial Statements.”

Gains on investment securities and dividends

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Gains on investment securities and dividends:				
Net gains on investment securities	¥25,705	¥30,731	¥5,026	20
Dividends income	2,145	2,292	147	7
Total	<u>¥27,850</u>	<u>¥33,023</u>	<u>¥5,173</u>	19

- Notes: 1. Income and losses on investment in securities related to our life insurance operations are recorded in life insurance premiums and related investment income in our consolidated statements of income.
2. Unrealized changes in fair value of investments in equity securities have been included in “Net gains on investment securities”.

Net gains on investment securities increased 20% to ¥30,731 million in fiscal 2024 compared to fiscal 2023 primarily due to an increase in net unrealized holding gains on fund investments. Dividends income increased 7% to ¥2,292 million in fiscal 2024 compared to fiscal 2023. Due to the above results, gains on investment securities and dividends increased 19% to ¥33,023 million in fiscal 2024 compared to fiscal 2023.

As of March 31, 2024, gross unrealized gains on available-for-sale debt securities, including those held in connection with our life insurance operations, were ¥41,989 million, compared to ¥16,076 million as of March 31, 2023. As of March 31, 2024, gross unrealized losses on available-for-sale debt securities, including those held in connection with our life insurance operations, were ¥391,817 million, compared to ¥270,182 million as of March 31, 2023.

Operating leases

	As of and for the year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Operating leases:				
Operating lease revenues	¥ 499,541	¥ 535,490	¥ 35,949	7
Costs of operating leases	336,987	356,760	19,773	6
New equipment acquisitions	446,850	572,084	125,234	28
Japan	228,999	240,889	11,890	5
Overseas	217,851	331,195	113,344	52
Investment in operating leases	1,537,178	1,868,574	331,396	22

Revenues from operating leases in fiscal 2024 increased 7% to ¥535,490 million compared to fiscal 2023 primarily due to an increase in revenues from leases in the leasing business in Asia and Australia and in the aircraft leasing business. In fiscal 2023 and 2024, gains from the disposition of operating lease assets were ¥56,932 million and ¥53,441 million, respectively.

Costs of operating leases increased 6% to ¥356,760 million in fiscal 2024 compared to fiscal 2023 primarily due to an increase in investments in the leasing business in Asia and Australia and investments in the aircraft leasing business.

New equipment acquisitions related to operating leases increased 28% to ¥572,084 million in fiscal 2024 compared to fiscal 2023 primarily due to an increase in investments in the leasing business in Asia and Australia and an increase in investments in the aircraft leasing business.

Investment in operating leases as of March 31, 2024 increased 22% to ¥1,868,574 million compared to March 31, 2023 primarily due to an increase in investments in the leasing business in Asia and Australia and an increase in investments in the aircraft leasing business, and an asset acquisition.

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Investment in operating leases by category:				
Transportation equipment	¥ 947,507	¥1,264,332	¥ 316,825	33
Measuring and information-related equipment	130,836	154,794	23,958	18
Real estate	270,939	261,706	(9,233)	(3)
Other	47,939	49,286	1,347	3
Right-of-use assets	98,417	87,359	(11,058)	(11)
Accrued rental receivables	45,123	54,230	9,107	20
Allowance for doubtful receivables on operating leases	(3,583)	(3,133)	450	—
Total	¥1,537,178	¥1,868,574	¥ 331,396	22

Investment in transportation equipment operating leases as of March 31, 2024 increased 33% to ¥1,264,332 million compared to March 31, 2023 primarily due to an increase in investments in the leasing business in Asia and Australia and an increase in investments in the aircraft leasing business, and an asset acquisition. Investment in measuring and information-related equipment operating leases as of March 31, 2024 increased 18% to ¥154,794 million compared to March 31, 2023 primarily due to an increase in investments in the rental business. Investment in real estate operating leases as of March 31, 2024 decreased 3% to ¥261,706 million compared to March 31, 2023 primarily due to sales of real estate under operating leases in Japan. Investment in other operating leases as of March 31, 2024 increased 3% to ¥49,286 million compared to March 31, 2023 primarily due to an increase in investments in the rental business.

For further information, see Note 6 of “Item 18. Financial Statements.”

Life insurance

We reflect all income and losses (other than provision for credit losses) that we recognize on securities and investment in partnerships and other investments, installment loans, real estate under operating leases and other investments held in connection with our life insurance operations as life insurance premiums and related investment income in our consolidated statements of income.

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Life insurance premiums and related investment income and life insurance costs:				
Life insurance premiums	¥ 451,404	¥ 459,655	¥ 8,251	2
Life insurance-related investment income	42,666	99,268	56,602	133
Total	¥ 494,070	¥ 558,923	¥ 64,853	13
Life insurance costs	¥ 373,906	¥ 433,863	¥ 59,957	16

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Breakdown of life insurance-related investment income (loss):				
Net income on investment securities and investment in partnerships and other investments	¥ 35,350	¥ 95,219	¥ 59,869	169
Gains and losses recognized in income on derivative	4,820	(2,896)	(7,716)	—
Interest on loans, income on real estate under operating leases, and others	2,496	6,945	4,449	178
Total	¥ 42,666	¥ 99,268	¥ 56,602	133

Life insurance premiums and related investment income increased 13% to ¥558,923 million in fiscal 2024 compared to fiscal 2023.

Life insurance premiums increased 2% to ¥459,655 million in fiscal 2024 compared to fiscal 2023 primarily due to an increase in the number of policies in force.

Life insurance-related investment income increased 133% to ¥99,268 million in fiscal 2024 compared to fiscal 2023. Net income on investment securities and investment in partnerships and other investments increased mainly in investment income from assets under variable annuity and variable life insurance contracts.

Life insurance costs increased 16% to ¥433,863 million in fiscal 2024 compared to fiscal 2023 primarily due to an increase in a provision of liability reserve.

	As of March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Investments by life insurance operations:				
Equity securities and Investment in partnerships and other investments	¥ 241,588	¥ 305,256	¥ 63,668	26
Available-for-sale debt securities	1,643,803	1,960,981	317,178	19
Held-to-maturity debt securities	114,759	0	(114,759)	—
Subtotal	2,000,150	2,266,237	266,087	13
Installment loans, real estate under operating leases and other investments	45,576	38,667	(6,909)	(15)
Total	¥2,045,726	¥2,304,904	¥ 259,178	13

Investment in securities as of March 31, 2024 increased 13% to ¥2,266,237 million compared to March 31, 2023, primarily due to an increase in assets under variable annuity and variable life insurance contract. During fiscal 2024, bonds held as held-to-maturity debt securities were reclassified to available-for-sale debt securities.

For further information, see Note 23 and Note 24 of “Item 18. Financial Statements.”

Sales of goods and real estate, Inventories

	Year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Sales of goods and real estate, Inventories:				
Sales of goods and real estate	¥392,569	¥373,914	¥(18,655)	(5)
Costs of goods and real estate sold	333,009	268,627	(64,382)	(19)
New real estate added	82,786	148,878	66,092	80
Inventories	169,021	227,359	58,338	35

Sales of goods and real estate decreased 5% to ¥373,914 million compared to fiscal 2023 primarily due to a decrease in sales of goods.

Costs of goods and real estate sold decreased 19% to ¥268,627 million compared to fiscal 2023, greater than the decrease in sales of goods and real estate, primarily due to acquisitions and sales of subsidiaries with different cost to revenue ratio in fiscal 2023. We recognized ¥1,205 million and ¥2,308 million of write-downs for fiscal 2023 and 2024, respectively, which were included in costs of goods and real estate sold. Costs of goods and real estate sold include the upfront costs associated with advertising and creating model rooms.

New real estate added increased 80% to ¥148,878 million in fiscal 2024 compared to fiscal 2023.

Inventories as of March 31, 2024 increased 35% to ¥227,359 million compared to March 31, 2023, primarily due to an increase in residential condominiums.

For further information, see Note 4 of “Item 18. Financial Statements.”

Services, Property under Facility Operations

	As of and for the year ended March 31,		Change	
	2023	2024	Amount	Percent (%)
(Millions of yen, except percentage data)				
Services, Property under Facility Operations				
Services income	¥ 930,151	¥ 965,010	¥ 34,859	4
Services expense	571,127	560,101	(11,026)	(2)
New assets added	51,331	120,258	68,927	134
Japan	33,425	18,887	(14,538)	(43)
Overseas	17,906	101,371	83,465	466
Property under Facility Operations	620,994	689,573	68,579	11

Services income increased 4% to ¥965,010 million in fiscal 2024 compared to fiscal 2023 primarily due to an increase in income related to real estate business.

Services expense decreased 2% to ¥560,101 million in fiscal 2024 compared to fiscal 2023 primarily due to a decrease in expenses related to the environment and energy business.

New assets added for property under facility operations increased 134% to ¥120,258 million in fiscal 2024 compared to fiscal 2023 primarily due to the increase in investments in electric power facilities overseas.

Property under facility operations as of March 31, 2024 increased 11% to ¥689,573 million compared to March 31, 2023 primarily due to investments in electric power facilities overseas and completion of domestic property under facility operations.

For further information, see Note 4 of “Item 18. Financial Statements.”

Expenses

Interest expense

Interest expense increased 48% to ¥188,328 million in fiscal 2024 compared to ¥127,618 million in fiscal 2023. Our total outstanding short-term debt, long-term debt and deposits as of March 31, 2024 increased 6% to ¥8,446,306 million compared to ¥7,964,864 million as of March 31, 2023.

The average interest rate on our short-term debt, long-term debt and deposits in domestic currency, calculated on the basis of average monthly balances, increased 0.1% to 0.4% in fiscal 2024 compared to 0.3% in fiscal 2023. The average interest rate on our short-term debt, long-term debt and deposits in foreign currency, calculated on the basis of average monthly balances, increased 1.6% to 5.2% in fiscal 2024 compared to 3.6% in fiscal 2023. For more information regarding our interest rate risk, see “Item 3. Key Information—Risk Factors.” For more information regarding our outstanding debt, see “Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Short-term and long-term debt and deposits.”

Other (income) and expense

Other (income) and expense was a net income of ¥4,671 million during fiscal 2024 compared to a net expense of ¥14,445 million during fiscal 2023. In other (income) and expense, we recognized foreign currency transaction losses of ¥1,126 million during fiscal 2024 compared to foreign currency transaction losses of ¥1,956 million during fiscal 2023, and we recognized impairment losses on goodwill and other intangible assets of ¥0 million during fiscal 2024 compared to impairment losses on goodwill and other intangible assets of ¥515 million during fiscal 2023. For further information on our goodwill and other intangible assets, see Note 13 of “Item 18. Financial Statements”.

Selling, general and administrative expenses

Selling, general and administrative expenses increased 12% to ¥627,633 in fiscal 2024 compared to ¥559,406 in fiscal 2023.

Employee salaries and other personnel expenses accounted for 56% of selling, general and administrative expenses in fiscal 2024, and the remaining portion consists of selling expenses and other administrative expenses, such as IT-related expenses and advertising expenses.

Write-downs of long-lived assets

As a result of impairment reviews we performed in fiscal 2024 for long-lived assets in Japan and overseas, such as office buildings, commercial facilities other than office buildings, condominiums, hotels, and land undeveloped or under construction, write-downs of long-lived assets decreased by ¥573 million to ¥1,724 million in fiscal 2024 compared to ¥2,297 million in fiscal 2023. These write-downs, which are reflected as write-downs of long-lived assets, consisted of impairment losses of ¥641 million on 2 office buildings, ¥547 million on 4 commercial facilities other than office buildings, ¥30 million on 23 condominiums and ¥506 million on other long-lived assets, because the assets were classified as held for sale or the carrying amount exceeded the estimated undiscounted future cash flows. For further information, see Note 25 of “Item 18. Financial Statements.”

Write-downs of securities

Write-downs of securities in fiscal 2024 were in connection with non-marketable equity securities. Write-downs of securities decreased to ¥315 million in fiscal 2024 compared to ¥824 million in fiscal 2023. For further information, see Note 9 of “Item 18. Financial Statements.”

Equity in net income (loss) of equity method investments

Equity in net income (loss) of equity method investments increased in fiscal 2024 to ¥36,774 million compared to ¥22,081 million in fiscal 2023 primarily due to increases in equity in net income (loss) of equity method investments from investees relating to overseas renewable energy, Kansai Airports and Avolon, partially offset by decreases in equity net income (loss) of equity method investments from domestic investees. For further information, see Note 12 of “Item 18. Financial Statements.”

Gains on sales of subsidiaries and equity method investments and liquidation losses, net

Gains on sales of subsidiaries and equity method investments and liquidation losses, net increased to ¥72,488 million in fiscal 2024 compared to ¥33,000 million in fiscal 2023, primarily due to the favorable profit from sales in Japan including the partial sale of ORIX Credit in fiscal 2024. For further information, see Note 3 of “Item 18. Financial Statements.”

Bargain Purchase Gain

In fiscal 2024, we recognized no bargain purchase gain compared to bargain purchase gains of ¥1,174 million associated with four of the acquisitions executed in fiscal 2023. For further information, see Note 3 of “Item 18. Financial Statements.”

Provision for income taxes

Provision for income taxes increased to ¥131,388 million in fiscal 2024 compared to ¥95,245 million in fiscal 2023 primarily due to an increase in income before income taxes. For further information, see Note 16 of “Item 18. Financial Statements.”

Net income (loss) attributable to the noncontrolling interests

Net income (loss) attributable to the noncontrolling interests was recorded as a result of the noncontrolling interests in earnings of certain of our subsidiaries. Net income attributable to the noncontrolling interests in fiscal 2023 was ¥6,561 million. Net loss attributable to the noncontrolling interests in fiscal 2024 was ¥7,682 million.

Net income attributable to the redeemable noncontrolling interests

Net income attributable to the redeemable noncontrolling interests was recorded as a result of the noncontrolling interests in the earnings of our subsidiaries that issued redeemable interests. Net income attributable to the redeemable noncontrolling interests in fiscal 2024 was ¥137 million, compared to ¥32 million in fiscal 2023. For further information, see Note 18 of “Item 18. Financial Statements.”

LIQUIDITY AND CAPITAL RESOURCES

Funding Activities

ORIX Group formulates funding policies that are designed to maintain and improve procurement stability and reduce liquidity risk. As a concrete measure to maintain and improve procurement stability while engaging in activities such as borrowing, capital market procurement and securitization of assets, we are diversifying our procurement methods and our country and investor base. To reduce liquidity risk, we are prolonging our borrowings from financial institutions and issuing long-term corporate bonds domestically and internationally with dispersed redemption periods. We are also holding cash and entering into committed credit facilities agreements. In order to maintain an appropriate level of liquidity at hand, we conduct stress tests from the perspective of both procurement stability and financial efficiency and review the necessary levels accordingly. Also, ORIX Group considers reducing procurement costs to be an important issue. For this reason, we place great importance on ratings by rating agencies and strive to maintain a certain level of rating. Furthermore, we believe that maintaining our ratings are effective not only in terms of minimizing procurement costs, but also facilitating capital market procurement when in unstable financial market conditions.

Uncertainties caused by geopolitical instability and the outlook for monetary policies of central banks of major countries still continue. Depending on future developments, we expect an increase in liquidity risk, including higher procurement costs. Specifically, we may be unable to borrow new funds or roll-over existing funds; we may be unable to issue bonds, MTNs and CP in the capital markets; and we expect there will be an increase in the amount of interest we need to pay if we are able to access such funding. Notwithstanding the current environment, the ORIX Group is working to maintain stable procurement and reduce liquidity risk in accordance with the above policy. In addition, with respect to rising costs, we are working to maintain a high rating from rating agencies and to maintain good communication with the market so that we can raise funds at reasonable interest rates when refinancing our existing funding.

ORIX Bank and ORIX Life Insurance are regulated by Japanese financial authorities. They are our main regulated subsidiaries in terms of liquidity controls, although several other subsidiaries also operate under liquidity control related regulations.

For more information regarding our liquidity risk management, see “Risk Management” under this Item 5.

Group Liquidity Management

ORIX is primarily responsible for accessing liquidity for ORIX Group and for managing the allocation of liquidity to domestic and overseas subsidiaries. In managing our capital resources and controlling liquidity risk, we employ various measures, including a cash management system for supplying funds to, and receiving funds from, our major domestic subsidiaries, other than regulated subsidiaries like ORIX Bank and ORIX Life Insurance. Our overseas subsidiaries rely primarily on local funding sources such as borrowings from local

financial institutions and issuing bonds in local capital markets, but they may also obtain loans from ORIX. We also support liquidity levels of overseas subsidiaries by establishing local commitment lines and maintaining multi-currency commitment lines available to ORIX and certain of its overseas subsidiaries.

ORIX Bank obtains most of the funds it needs to operate its business through deposit taking. Although ORIX Bank provides loans to several companies in the ordinary course of its business, such loans are subject to a maximum limit set by the Japanese Banking Act. Under such regulations, ORIX Bank is restricted from making loans to other members of ORIX Group in an aggregate amount exceeding a regulatory limit. ORIX Life Insurance underwrites insurance, receives insurance premiums from policyholders, and conducts financing and investment activities, including lending. However, lending from ORIX Life Insurance to other members of ORIX Group is subject to regulation, including under the Japanese Insurance Business Act. For these reasons, ORIX Group manages its liquidity separately from ORIX Bank and ORIX Life Insurance.

Sources of Liquidity

Borrowings from Financial Institutions

ORIX Group borrows from a variety of sources, including major banks, regional banks, foreign banks, life insurance companies, casualty insurance companies and financial institutions associated with agricultural cooperatives. As of March 31, 2025, the number of our lenders was about 200. We have promoted regular face-to-face communications and established positive working relationships with financial institutions in Japan and overseas. The majority of our loan balances consists of borrowings from Japanese financial institutions. As of March 31, 2024 and 2025, short-term debt from Japanese and foreign financial institutions were ¥436,822 million and ¥461,466 million, respectively, while long-term debt from financial institutions were ¥3,987,754 million and ¥4,031,105 million, respectively.

We intend to continue to strengthen our financial condition, while maintaining appropriately diverse funding.

Committed Credit Facilities

We regularly enter into committed credit facilities agreements, including syndicated agreements, with financial institutions to secure liquidity. The maturity dates of these committed credit facilities are staggered to prevent an overlap of contract renewal periods. The total amount of our committed credit facilities as of March 31, 2024 and 2025 were ¥758,667 million and ¥795,634 million, respectively. Of these figures, the unused amounts as of March 31, 2024 and 2025 were ¥559,322 million and ¥598,079 million, respectively. A portion of these facilities is arranged to be drawn down in foreign currencies by ORIX and certain of our overseas subsidiaries. The decision to enter into a committed credit facility is made based on factors including our balance of cash and cash equivalents and repayment schedules of short-term debt such as CP.

Debt from the Capital Markets

Our debt from capital markets is mainly composed of bonds, MTNs, CP, and securitization of loans receivables and other assets. In the current fiscal year, the Company redeemed and issued unsecured subordinated bonds (with interest payment deferral clause and optional early redemption condition) (hybrid bonds) in Japan.

Bonds and MTNs

We plan to continue to issue bonds and MTNs in a balanced manner to institutional and individual investors both inside and outside Japan in line with our strategy of maintaining and improving procurement stability and reducing liquidity risk.

We issue straight bonds, MTNs and unsecured subordinated bonds with interest payment deferrable clauses and optional early redemption conditions (hybrid bonds) domestically and internationally, each to diversify our funding sources and maintain longer liability maturities.

The total balance of bonds and MTNs issued as of March 31, 2024 and 2025 was ¥1,481,858 million and ¥1,638,436 million, respectively, of which bonds and MTNs amounting to ¥70,818 million and ¥87,879 million, respectively, were issued by overseas subsidiaries.

As of March 31, 2024 and 2025, the balance of bonds issued by ORIX for domestic institutional investors was ¥498,923 million and ¥458,928 million, respectively, while the balance of bonds issued by ORIX for individual investors were ¥144,551 million and ¥114,665 million, respectively. The balances of bonds and MTNs issued outside Japan were ¥726,908 million and ¥891,591 million as of March 31, 2024 and 2025, respectively.

CP

We offer CP as a direct financing source, and have successfully obtained a diverse range of investors such as financial institutions and investment trusts, as well as private corporations. We consider our liquidity levels and stagger the dates of issuance and maturity over time to avoid significant overlap. The balance of outstanding CP as of March 31, 2024 and 2025 was ¥13,849 million and ¥7,588 million, respectively.

Securitization

We securitize loan receivables and other assets. We recognize liabilities consolidated with such investments as our liabilities when required under applicable accounting standards. The total amounts of payables under securitized loan receivables and other assets as of March 31, 2024 and 2025 were ¥160,072 million and ¥63,577 million, respectively.

Deposits

ORIX Bank and ORIX Asia Limited each accept deposits from customers. These deposits taking subsidiaries are regulated institutions, and loans from these subsidiaries to ORIX Group entities are subject to maximum regulatory limits.

The majority of deposits are attributable to ORIX Bank, which mainly attracts retail deposits, and which deposit balances remain stable. Deposit balances of ORIX Bank as of March 31, 2024 and 2025 were ¥2,236,432 million and ¥2,443,577 million, respectively.

Short-term and long-term debt and deposits

Short-term Debt

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Short-term debt :				
Borrowings from financial institutions	¥ 436,822	¥ 461,466	¥ 24,644	6
Secured borrowings on securities lending transactions	120,116	80,626	(39,490)	(33)
Bonds	1,122	0	(1,122)	(100)
Commercial paper	13,849	7,588	(6,261)	(45)
Payable under securitized loan receivables and other assets . . .	2,186	0	(2,186)	(100)
Total short-term debt	<u>¥ 574,095</u>	<u>¥ 549,680</u>	<u>¥ (24,415)</u>	<u>(4)</u>

Note: The total amount includes liabilities of consolidated VIEs, for which creditors (or beneficial interest holders) do not have recourse to the general credit of the Company and subsidiaries. Such liabilities as of March 31, 2024 were ¥2,186 million. There were no such liabilities recorded as of March 31, 2025.

Short-term debt as of March 31, 2025 was ¥549,680 million. The ratio was 9% and 9% of total debt (excluding deposits) as of March 31, 2024 and 2025. As of March 31, 2025, 84% of short-term debt was borrowings from financial institutions.

Long-term debt

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Long-term debt :				
Borrowings from financial institutions and other	¥ 3,987,754	¥ 4,031,105	¥ 43,351	1
Bonds	1,208,672	1,251,120	42,448	4
Medium-term notes	272,064	387,316	115,252	42
Payable under securitized loan receivables and other assets	157,886	63,577	(94,309)	(60)
Total long-term debt	¥ 5,626,376	¥ 5,733,118	¥ 106,742	2

Note: The total amount includes liabilities of consolidated VIEs, for which creditors (or beneficial interest holders) do not have recourse to the general credit of the Company and subsidiaries. Such liabilities as of March 31, 2024 and 2025 were ¥339,143 million and ¥199,360 million, respectively.

Long-term debt as of March 31, 2025 was ¥5,733,118 million. The ratio was 91% and 91% of total debt (excluding deposits) as of March 31, 2024 and 2025. Borrowings from financial institutions and other comprised 70% of the long-term debt as of March 31, 2025.

49% of interest paid on long-term debt in fiscal 2025 was fixed rate interest, with the remainder being floating rate interest.

For information regarding the repayment schedule of our long-term debt and interest rates for short-term and long-term debt, see Note 14 of “Item 18. Financial Statements.”

We have entered into interest rate swaps and other derivative contracts to manage risk associated with fluctuations in interest rates. For information with respect to derivative financial instruments and hedging, see Note 27 of “Item 18. Financial Statements.”

Deposits

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
(Millions of yen, except percentage data)				
Deposits	¥ 2,245,835	¥ 2,449,812	¥ 203,977	9

Note: VIEs did not have any deposits as of March 31, 2024 and 2025.

For further information with respect to deposits, see Note 15 of “Item 18. Financial Statements.”

Off-Balance Sheet Arrangements

Use of Special Purpose Entities

We periodically securitize various financial assets such as lease receivables and loan receivables. These securitizations allow us to access the capital markets, provide us with alternative sources of funding and diversify our investor base and help us to mitigate, to some extent, credit risk associated with our customers and risk associated with fluctuations in interest rates.

In the securitization process, the assets for securitization are sold to special purpose entities (hereinafter, “SPEs”), which issue asset-backed securities to investors.

We expect to continue to utilize SPEs structures for securitization of assets. For further information on our transfer of financial assets, see Note 10 of “Item 18. Financial Statements.”

Investment Products

We provide investment products to our customers that employ a contractual mechanism known in Japan as a *kumiai*, which is in effect a type of SPEs. We arrange and market *kumiai* products to investors as a means to finance the purchase of aircraft, ships or other large-ticket items to be leased to third parties. A portion of the funds necessary to purchase the item is contributed by such investors, while the remainder is borrowed by the *kumiai* from one or more financial institutions in the form of a non-recourse loan. The *kumiai* investors (and any lenders to the *kumiai*) retain all of the economic risks and rewards in connection with the purchase and leasing activities of the *kumiai*, and all related gains or losses are recorded on the financial statements of investors in the *kumiai*. We are responsible for the arrangement and marketing of these products, and may act as servicer or administrator in *kumiai* transactions. Fee income for arranging and administering these transactions is recognized in our consolidated financial statements. In most *kumiai* transactions, excluding some *kumiai* and SPEs, we do not guarantee or otherwise have any financial commitments or exposure with respect to the *kumiai* or its related SPEs and, accordingly, their assets are not reflected on our consolidated balance sheet.

Other Financial Transactions

We occasionally enter into loans, equity or other investments in SPEs in connection with finance transactions related to aircraft, ships and real estate, as well as transactions involving investment funds, in addition to real estate purchases and development projects. All transactions involving use of SPEs structures are evaluated to determine whether we hold a variable interest that would result in our being defined as the primary beneficiary of the SPEs. When we are considered to own the primary beneficial interest in the SPEs, the SPEs are fully consolidated into our consolidated financial statements. In all other circumstances our loan, equity or other investments are recorded on our consolidated balance sheets as appropriate.

For further information concerning our SPEs, see Note 11 of “Item 18. Financial Statements.”

Contractual Obligations

The table below sets forth the maturities of contractual cash obligations as of March 31, 2025.

	Payments due by period				
	Total	Within 1 year	1-3 years	3-5 years	After 5 years
	(Millions of yen)				
Contractual cash obligations:					
Deposits	¥2,449,812	¥1,819,970	¥ 294,006	¥ 259,532	¥ 76,304
Long-term debt	5,733,118	867,767	1,658,147	1,583,032	1,624,172
Unconditional purchase obligation related to lease agreements	11,491	104	9,217	338	1,832
Lease liabilities related to lessee leases	296,151	53,118	69,127	50,464	123,442
Unconditional noncancelable contracts for computer systems	13,469	5,809	7,502	157	1
Interest rate swaps:					
Notional amount (floating to fixed)	678,027	92,348	159,691	126,650	299,338
Notional amount (fixed to floating)	141	0	0	0	141
Total contractual cash obligations	<u>¥9,182,209</u>	<u>¥2,839,116</u>	<u>¥2,197,690</u>	<u>¥2,020,173</u>	<u>¥2,125,230</u>

Items excluded from the above table include short-term debt of ¥549,680 million, trade notes, accounts and other payable of ¥339,787 million and policy liabilities and policy account balances of ¥1,948,047 million as of March 31, 2025.

For information on pension plans and derivatives, see Notes 17 and 27 of “Item 18. Financial Statements.” We expect to fund commitments and contractual obligations from one, some or all of our diversified funding sources depending on the amount to be funded, the time to maturity and other characteristics of the commitments and contractual obligations.

For a discussion of debt and deposit-related obligations, see Notes 14 and 15 of “Item 18. Financial Statements.”

For information on lease liabilities, see Note 6 of “Item 18. Financial Statements.”

We secure liquidity by holding cash and entering into committed credit facilities agreements in consideration of known contractual obligations.

CASH FLOWS

Our cash flows primarily consist of:

- cash outflows and inflows which are generated primarily from principal payments received under net investment in lease, life insurance related income and costs, costs of inventories and sales of inventories, and services income and services expense classified as cash flows from operating activities;
- cash outflows and inflows which are generated primarily from purchases of lease equipment and proceeds from sales of lease equipment, purchases of securities and proceeds from sales of securities, and originations of installment loans and principal payments received under installment loans classified as cash flows from investing activities; and
- cash outflows and inflows which are generated primarily from proceeds from short-term and long-term debt, repayment of short-term and long-term debt, and deposits due to customers classified as cash flows from financing activities.

The use of cash is heavily dependent on the volume of operating assets for new business. As new business volumes for assets such as leases and loans increase, we require more cash to meet those needs, while a decrease in new business volumes results in a less use of cash and an increase in debt repayment.

For cash flow information regarding interest and income tax payments, see Note 5 of “Item 18. Financial Statements.”

Year Ended March 31, 2025 Compared to Year Ended March 31, 2024

Cash, cash equivalents and restricted cash as of March 31, 2025 were ¥1,321,983 million due to an increase of ¥136,676 million compared to March 31, 2024.

Cash flows provided by operating activities were ¥1,300,193 million during fiscal 2025, up from ¥1,243,402 million during fiscal 2024. This change resulted primarily from an increase in policy liabilities and policy account balances and a decrease in an increase in inventories.

Cash flows used in investing activities were ¥1,309,695 million during fiscal 2025, down from ¥1,372,803 million during fiscal 2024. This change resulted primarily from an increase in proceeds from sales and redemption of available-for-sale debt securities, partially offset by an increase in purchases of lease equipment and available-for-sale debt securities.

Cash flows provided by financing activities were ¥149,322 million during fiscal 2025 compared to the outflow of ¥85,477 million during fiscal 2024. This change was primarily due to proceeds from debt with maturities longer than three months exceeding the amounts of repayments and a change from a decrease to an increase in deposits due to customers.

Year Ended March 31, 2024 Compared to Year Ended March 31, 2023

Cash, cash equivalents and restricted cash as of March 31, 2024 were ¥1,185,307 million due to a decrease of ¥181,601 million compared to March 31, 2023.

Cash flows provided by operating activities were ¥1,243,402 million during fiscal 2024, up from ¥913,088 million during fiscal 2023. This change resulted primarily from the absence of an increase in payment of income taxes during the previous fiscal year.

Cash flows used in investing activities were ¥1,372,803 million during fiscal 2024, up from ¥1,098,478 million during fiscal 2023. This change resulted primarily from an increase in purchases of lease equipment and originations of installment loans, partially offset by a decrease in acquisitions of subsidiaries, and an increase in sales of subsidiaries.

Cash flows used in financing activities were ¥85,477 million during fiscal 2024 compared to the inflow of ¥438,308 million during fiscal 2023. This change resulted primarily from a decrease in proceeds from debt with maturities longer than three months.

COMMITMENTS FOR CAPITAL EXPENDITURES

As of March 31, 2025, we had unconditional purchase obligation related to lease agreements in the amount of ¥11,491 million. For information on commitments, guarantees and contingent liabilities, see Note 31 of “Item 18. Financial Statements.”

RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

Not applicable.

TREND INFORMATION

See the discussion under “—Results of Operations” and “—Liquidity and Capital Resources.”

COMMITMENTS

The table below sets forth the maturities of guarantees and other commitments as of March 31, 2025.

	Amount of commitment expiration per period				
	Total	Within 1 year	1-3 years	3-5 years	After 5 years
	(Millions of yen)				
Commitments:					
Guarantees	¥ 903,728	¥205,569	¥131,902	¥152,908	¥413,349
Committed credit lines and other	850,784	312,827	302,874	37,547	197,536
Total commercial commitments	<u>¥1,754,512</u>	<u>¥518,396</u>	<u>¥434,776</u>	<u>¥190,455</u>	<u>¥610,885</u>

A subsidiary in the United States is authorized to underwrite, originate, fund and service multi-family and senior housing loans without prior approval from Federal National Mortgage Association (hereinafter, “Fannie Mae”) under the Delegated Underwriting and Servicing program and Federal Home Loan Mortgage Corporation (hereinafter, “Freddie Mac”) under the Delegated Underwriting Initiative program. As part of these programs, Fannie Mae and Freddie Mac provide a commitment to purchase the loans.

Under these programs, the subsidiary guarantees the performance of the loans transferred to Fannie Mae and Freddie Mac and has the payment or performance risks of the guarantees to absorb some of the losses when losses arise from the transferred loans. The amount attributable to the guarantee included in the table above is ¥543,453 million as of March 31, 2025.

The subsidiary makes certain representations and warranties in connection with the sale of loans through Fannie Mae and Freddie Mac, including among others, that: the mortgage meets Fannie Mae and Freddie Mac requirements; there is a valid lien on the property; the relevant transaction documents are valid and enforceable; and title insurance is maintained on the property. If it is determined that a representation and warranty has been breached, the subsidiary may be required to repurchase the related loans or indemnify Fannie Mae and Freddie Mac for any related losses incurred. The subsidiary had no such repurchase claims during fiscal 2025.

For a discussion of commitments, guarantees and contingent liabilities, see Note 31 of “Item 18. Financial Statements.”

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management’s current judgments. Note 1 of “Item 18. Financial Statements” includes a summary of the significant accounting policies used in the preparation of our consolidated financial statements. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and the possibility that future events affecting the estimates may differ significantly from management’s current judgments. We consider the accounting estimates discussed in this section to be critical for us for two reasons. First, the estimates require us to make assumptions about matters that are highly uncertain at the time the accounting estimates are made. Second, different estimates that we reasonably could have used in the relevant period, or changes in the accounting estimates that are reasonably likely to occur from period to period, could have a material impact on our financial condition or results of operations. We believe the following represent our critical accounting policies and estimates.

FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, a number of significant judgments, assumptions and estimates may be required. If observable market prices are not available, we use internally-developed valuation techniques, such as discounted cash flow methodologies, to measure fair value. These valuation techniques involve determination of assumptions that market participants would use in pricing the asset or liability. This determination involves significant judgment, and the use of different assumptions and/or valuation techniques could have a material impact on our financial condition or results of operations. Significant assumptions used in measuring fair values have a pervasive effect on various estimates, such as estimates of the allowance for credit losses on real estate collateral-dependent loans, measurement of impairment of investments in securities, measurement of impairment of goodwill and other intangible assets, measurement of impairment of long-lived assets and recurring measurements of loans held for sale, investments in securities and derivative instruments.

The Company and its subsidiaries classify and prioritize inputs used in valuation techniques to measure fair value into the following three levels:

- Level 1—Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3—Unobservable inputs for the assets or liabilities.

The Company and its subsidiaries differentiate between those assets and liabilities required to be carried at fair value at every reporting period (recurring) and those assets and liabilities that are only required to be adjusted to fair value under certain circumstances (nonrecurring). We mainly measure certain loans held for sale, trading debt securities, available-for-sale debt securities, certain equity securities, derivatives, certain reinsurance recoverables in other assets, variable annuity and variable life insurance contracts in policy liabilities and policy account balances, and certain accounts payable at fair value on a recurring basis. Certain subsidiaries measure certain loans held for sale, certain foreign government bond securities and foreign corporate debt securities included in available-for-sale debt securities, certain investment funds included in equity securities, certain reinsurance contracts, and variable annuity and variable life insurance contracts at fair value on a recurring basis as they elected the fair value option.

The following table presents recorded amounts of major financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2025:

	March 31, 2025			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Millions of yen)			
Financial Assets:				
Loans held for sale	¥ 97,694	¥ 0	¥ 29,900	¥ 67,794
Available-for-sale debt securities	2,607,637	12,243	2,377,740	217,654
Equity securities	418,690	137,014	119,466	162,210
Derivative assets	64,170	361	54,992	8,817
Other assets	2,586	0	0	2,586
Total	<u>¥3,190,777</u>	<u>¥149,618</u>	<u>¥2,582,098</u>	<u>¥459,061</u>
Financial Liabilities:				
Derivative liabilities	¥ 56,038	¥ 129	¥ 55,257	¥ 652
Policy Liabilities and Policy Account Balances	136,257	0	0	136,257
Accounts Payable	15,259	0	0	15,259
Total	<u>¥ 207,554</u>	<u>¥ 129</u>	<u>¥ 55,257</u>	<u>¥152,168</u>

Compared to financial assets classified as Level 1 and Level 2, measurements of financial assets classified as Level 3 requires particularly careful judgment because of their significance to the financial statements and the possibility that future events affecting the fair value measurements may differ significantly from management's current measurements.

As of March 31, 2025, financial assets measured at fair value on a recurring basis and classified as Level 3 and the percentages of total assets are as follows:

	March 31, 2025	
	Significant Unobservable Inputs (Level 3)	Percentage of Total Assets (%)
	(Millions of yen, except percentage data)	
Level 3 Assets:		
Loans held for sale	¥ 67,794	0
Available-for-sale debt securities	217,654	1
Japanese prefectural and foreign municipal bond securities	10,878	0
Corporate debt securities	4,252	0
CMBS and RMBS in the Americas	7,082	0
Other asset-backed securities and debt securities	195,442	1
Equity securities	162,210	1
Investment funds and others	162,210	1
Derivative assets	8,817	0
Options held/written and other	8,817	0
Other assets	2,586	0
Reinsurance recoverables	2,586	0
Total Level 3 financial assets	¥ 459,061	3
Total assets	¥16,866,251	100

As of March 31, 2025, the amount of financial assets classified as Level 3 was ¥459,061 million, among financial assets that we measured at fair value on a recurring basis. Level 3 assets represent 3% of our total assets.

Other asset-backed securities and debt securities, and Investment funds and others classified as Level 3 were ¥195,442 million and ¥162,210 million respectively, as of March 31, 2025, which are 43% and 35% of total Level 3 financial assets, respectively.

With respect to the other asset-backed securities and debt securities, we determined that due to the lack of observable trades for older vintage and below investment grade securities, we continue to limit the reliance on independent pricing service vendors and brokers. As a result, we established internally developed pricing models using valuation techniques such as discounted cash flow methodologies using Level 3 inputs in order to estimate fair value of these debt securities and classified them as Level 3. Under the models, we use anticipated cash flows of the security discounted at a risk-adjusted discount rate that incorporates our estimate of credit risk and liquidity risk that a market participant would consider. The cash flows are estimated based on a number of assumptions such as default rate and prepayment speed, as well as seniority of the security. An increase (decrease) in the discount rate or default rate would result in a decrease (increase) in the fair value of other asset-backed securities.

Investment funds and others classified as Level 3 are mainly investments held by the investment companies which are owned by a certain Americas subsidiary, and certain investments in investment funds for which certain subsidiaries elected the fair value option. With respect to investments held by the investment companies which are owned by a certain Americas subsidiary, fair value measurement is based on the combination of discounted cash flow methodologies and market multiple valuation methods, or broker quotes. Discounted cash flow methodologies use future cash flows to be generated from investees, weighted average cost of capital (WACC)

and others. Market multiple valuation methods use earnings before interest, taxes, depreciation and amortization (EBITDA) multiples based on actual and projected cash flows, comparable peer companies, and comparable precedent transactions and others. With respect to certain investments in investment funds for which certain subsidiaries elected the fair value option, the subsidiaries measure their fair value using discounting to net asset value based on inputs that are unobservable in the market, broker quotes, or discounted cash flow methodologies.

In determining whether the inputs are observable or unobservable, we evaluate various factors such as the lack of recent transactions, price quotations that are not based on current information or vary substantially over time or among market makers, a significant increase in implied risk premium, a wide bid-ask spread, significant decline in new issuances, little or no public information (e.g., a principal-to-principal market) and other factors.

For more discussion, see Note 2 of “Item 18. Financial Statements.”

ESTIMATING THE FAIR VALUE OF ASSETS ACQUIRED AND LIABILITIES ASSUMED IN A BUSINESS COMBINATION

The Company and its subsidiaries account for all business combinations using the acquisition method. Under the acquisition method, the assets acquired and liabilities assumed are recognized and measured based on their fair values at the date control is obtained. The Company and its subsidiaries recognize intangible assets acquired in a business combination apart from goodwill if the intangible assets meet one of two criteria—either the contractual-legal criterion or the separately identifiable criterion. Goodwill is measured as an excess of the aggregate of consideration transferred and the fair value of noncontrolling interests over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed in the business combination measured at fair value. The Company and its subsidiaries would recognize a bargain purchase gain when the amount of recognized net assets exceeds the sum of consideration transferred and the fair value of noncontrolling interests.

The measurement of the fair value of identifiable assets acquired and liabilities assumed in a business combination may require significant judgments, assumptions, and estimates. For intangible assets acquired in a business combination, when observable market values are not available, the Company and its subsidiaries measure fair value using valuation techniques such as the excess earnings method and the royalty exemption method. The use of such valuation techniques requires the estimation of assumptions such as future sales growth rates, operating margins, and discount rates. Because valuation involves significant judgment, the use of different assumptions or different valuation techniques could have a material impact on the financial position and results of operations of the Company and its subsidiaries.

Although management believes that these fair value calculations are reasonable, they could be affected by future changes in uncertain economic conditions, which could require revisions to assumptions and valuation techniques, which could have a material impact on the financial position and results of operations of the Company and its subsidiaries.

ALLOWANCE FOR CREDIT LOSSES

We estimate all credit losses expected to occur in future over the remaining life of financial assets, and allowance for credit losses is recognized. This evaluation process is subject to management’s estimates and judgments. The estimate made in determining the allowance for credit losses is a critical accounting estimate for all of our segments.

In developing the allowance for credit losses, we consider, among other things, the following factors:

- business characteristics and financial conditions of obligors;
- prior charge-off experience;

- current delinquencies and delinquency trends;
- value of underlying collateral and guarantees; and
- current economic and business conditions and expected outlook in the future.

There are two methods for estimating the allowance for credit losses; collective evaluation and individual evaluation. We also recognize allowances for off-balance sheet credit exposures.

Collective evaluation

When certain financial assets have similar risk characteristics to other financial assets, we collectively evaluate these financial assets as a pool. The forecasted future economic indicators correlated with the prior charge-off experience are reflected in the estimate of the allowance for credit losses. Economic indicators correlated with prior charge-off experience are determined over a reasonable and supportable forecasted period. Economic indicators include GDP growth rates, consumer price indices, unemployment rates, and government bond interest rates. We also consider forward-looking scenarios of how the selected economic indicators will change in the future. We use the latest economic forecasts available from economic reports published by governments and central banks, as well as from third-party information providers as economic indicators.

Individual evaluation

When financial assets do not have similar risk characteristics to other financial assets, we evaluate individually the financial assets. In the individual assessment the allowance for credit losses is estimated individually based on the present value of expected future cash flows, and the observable market price or the fair value of the collateral if the financial assets are collateral-dependent.

For non-recourse loans and purchased loans, in principle, the estimated collectible amount is determined based on the fair value of the real estate collateral securing the loans as they are real estate collateral-dependent. Further for certain non-recourse loans and purchased loans the estimated collectible amount is determined based on the present value of expected future cash flows.

The fair value of the real estate collateral securing the loans is determined using appraisals prepared by independent third-party appraisers or our own staff of qualified appraisers based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flows methodologies using future cash flows estimated to be generated from operation of the existing assets or completion of development projects, as appropriate. We generally obtain a new appraisal once a fiscal year. In addition, we periodically monitor circumstances of the real estate collateral and then obtain a new appraisal in situations involving a significant change in economic and/or physical conditions which may materially affect its fair value.

We charge off doubtful receivables when the likelihood of any future collection is believed to be minimal considering debtor's creditworthiness and the liquidation status of collateral.

Allowance for off-balance sheet credit exposures

If the entity has a present contractual obligation to extend credit and the obligation is not unconditionally cancelable by the entity, credit losses related the loan commitments of installment loans and financial guarantees are in the scope of the allowance for credit losses.

For loan commitments of installment loans, credit losses are recognized on the loan commitments for the portion expected to be drawn.

For financial guarantees, the allowance is recognized for the contingent obligation which generates credit risk exposures.

The allowance for off-balance sheet credit exposures is measured using the same measurement methodologies as the allowance for loans and net investment leases, considering quantitative and qualitative factors including historical loss experience, current economic and business conditions and reasonable and supportable forecasts.

The allowance for these off-balance sheet credit exposures is recorded in other liabilities on the consolidated balance sheets.

While management considers the allowance to be adequate based on currently available information, additional provisions may be required due to future uncertain events and factors.

IMPAIRMENT OF INVESTMENT IN SECURITIES

We make decisions about impairment of investment in debt securities other than trading and investment in equity securities elected for the measurement alternative as follows.

As for impairment of available-for-sale debt securities, if the fair value is less than the amortized cost, the debt securities are impaired. We identify per each impaired security whether the decline of fair value is due to credit losses component or non-credit losses component. Impairment related to credit losses is recognized in earnings through an allowance for credit losses. Impairment related to other factors than credit losses is recognized in other comprehensive income (loss), net of applicable income taxes. In estimating an allowance for credit losses, we consider that credit losses exist when the present value of estimated cash flows is less than the amortized cost basis. When we intend to sell the debt securities for which an allowance for credit losses is previously established or it is more likely than not that we will be required to sell the debt securities before recovery of the amortized cost basis, the allowance for credit losses is fully written off and the amortized cost is reduced to the fair value after recognizing additional impairment in earnings. In addition, we recognize in earnings the full difference between the amortized cost and the fair value of the debt securities by direct write-down, without any allowance for credit losses, if the debt securities are expected to be sold and the fair value is less than the amortized cost.

In assessing whether available-for-sale debt securities are impaired, we consider all available information relevant to the collectability of the debt security, including but not limited to the following factors:

- the extent to which the fair value is less than the amortized cost basis;
- continuing analysis of the underlying collateral, age of the collateral, business climate, economic conditions and geographical considerations;
- trends in delinquencies and charge-offs;
- payment structure and subordination levels of the debt security; and
- changes to the rating of the security by a rating agency.

For equity securities elected for the measurement alternative, we determine that the investment shall be written down to its fair value with losses included in income if a qualitative assessment indicates that the investment is impaired and the fair value of the investment is less than its carrying value.

In assessing whether equity securities elected for the measurement alternative are impaired, we make a qualitative assessment considering impairment indicators, including but not limited to the following factors:

- a significant deterioration in the earnings performance, credit rating, asset quality, or business prospects of the investee;

- a significant adverse change in the regulatory, economic, or technological environment of the investee;
- a significant adverse change in the general market condition of either the geographical area or the industry in which the investee operates;
- a bona fide offer to purchase, an offer by the investee to sell, or a completed auction process for the same or similar investment for an amount less than the carrying amount of that investment; and
- factors that raise significant concerns about the investee's ability to continue as a going concern, such as negative cash flows from operations, working capital deficiencies, or noncompliance with statutory capital requirements or debt covenants.

Determinations of whether investments in securities are impaired often involve estimating the outcome of future events that are highly uncertain at the time the estimates are made. Management judges whether there are any facts that an impairment loss should be recognized, based primarily on objective factors.

If the financial condition of an investee deteriorates, its forecasted performance is not met or actual market conditions are less favorable than those projected by management, we may charge against income additional losses on investment in securities.

The accounting estimates relating to impairment of investment in securities could affect all segments.

IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

We perform an impairment test for goodwill and any indefinite-lived intangible assets at least annually. Additionally, if events or changes in circumstances indicate that the asset might be impaired, we test for impairment whenever such events or changes occur.

We have the option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount before we perform a quantitative goodwill impairment test. We perform the qualitative assessment for some goodwill but bypass the qualitative assessment and proceed directly to the quantitative goodwill impairment test for other goodwill. For the goodwill for which the qualitative assessment is performed, if, after assessing the totality of events or circumstances, we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then we do not perform the quantitative goodwill impairment test. However, if we conclude otherwise or determine to bypass the qualitative assessment, we proceed to perform the quantitative goodwill impairment test. The quantitative goodwill impairment test calculates the fair value of the reporting unit and compares the fair value with the carrying amount of the reporting unit. If the fair value of the reporting unit falls below its carrying amount, an impairment loss is recognized in an amount equal to the difference. We test the goodwill at the reporting unit which is either the same level as an operating segment or one level below an operating segment.

We have the option to perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired before we perform a quantitative impairment test. We perform the qualitative assessment for some indefinite-lived intangible assets but bypass the qualitative assessment and perform the quantitative impairment test for other indefinite-lived intangible assets. For those indefinite-lived intangible assets for which the qualitative assessment is performed, if, after assessing the totality of events and circumstances, we conclude that it is not more likely than not that the indefinite-lived intangible asset is impaired, then we do not perform the quantitative impairment test. However, if we conclude otherwise or determine to bypass the qualitative assessment, we calculate the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test. We compare the fair value with the carrying amount of the indefinite-lived intangible asset. If the carrying amount of the indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Intangible assets with finite lives are amortized over their useful lives and tested for impairment. The Company and its subsidiaries perform a recoverability test for the intangible assets whenever events or changes in circumstances indicate that the assets might be impaired. The intangible assets are considered not recoverable when the undiscounted future cash flows estimated to be generated by those assets are less than the carrying amount of those assets, and the net carrying amount of assets not recoverable is reduced to fair value if lower than the carrying amount and an impairment loss is recognized in an amount equal to the difference.

The fair value of a reporting unit under the quantitative goodwill impairment test is determined by estimating the outcome of future events and assumptions made by management. Similarly, estimates and assumptions are used in determining the fair value of any intangible assets. When necessary, we refer to an evaluation by a third party in determining the fair value of a reporting unit; however, such determinations are often made by using discounted cash flows analyses performed by us. This approach uses numerous estimates and assumptions, including projected future cash flows of a reporting unit, discount rates reflecting the inherent risk, and growth rates. For example, determining the fair value of an asset management contract included in intangible assets involves the estimated balances of assets under management, including the amounts of inflows and outflows related to the underlying investment funds that provide the asset management service, and estimates and assumptions regarding the WACC. Management believes that the assumptions used in estimating fair value used to determine impairment are reasonable, but we may charge additional losses to income if actual cash flows or any items which affect a fair value are less favorable than those projected by management due to economic conditions or our own risk in the reporting unit.

The accounting estimates relating to impairment of goodwill and any intangible assets could affect all segments.

IMPAIRMENT OF LONG-LIVED ASSETS

We periodically perform an impairment review for long-lived assets held and used in operations, including tangible assets, intangible assets being depreciated or amortized, and real estate development projects, consisting primarily of office buildings, condominiums, aircraft, ships, mega solar facilities and other properties under facility operations. The assets are tested for recoverability whenever events or changes in circumstances indicate that those assets might be impaired, including, but not limited to, the following:

- significant decline in the market value of an asset;
- significant deterioration in the usage range and method, or physical condition, of an asset;
- significant deterioration of legal regulatory or business environments, including an adverse action or assessment by a relevant regulator;
- acquisition and construction costs substantially exceeding estimates;
- continued operating loss or actual or potential loss of cash flows; or
- potential loss on a planned sale.

When we determine that assets might be impaired based upon the existence of one or more of the above factors or other factors, we estimate the future cash flows expected to be generated by those assets. For example, we estimate the future cash flows expected to be generated by aircraft mainly based on the underlying operating lease contracts and the appraisals obtained from independent third-party appraisers. Our estimates of the future cash flows are based upon historical trends adjusted to reflect our best estimate of future market and operating conditions. Our estimates also include the expected future periods in which future cash flows are expected. As a result of the recoverability test, when the sum of the estimated future undiscounted cash flows expected to be generated by those assets is less than its carrying amount, and when its fair value is less than its carrying amount, we determine the amount of impairment based on the fair value of those assets.

If the asset is considered impaired, an impairment charge is recorded for the amount by which the carrying amount of the asset exceeds fair value. We determine the fair value using appraisals prepared by independent third-party appraisers or our own staff of qualified appraisers, and others based on recent transactions involving sales of similar assets or other valuation techniques, as appropriate. Although management believes that the expected future cash flows and the calculations of fair value used to determine impairment are reasonable, if actual market and operating conditions under which assets are operated are less favorable than those projected by management, resulting in lower expected future cash flows or shorter expected future periods to generate such cash flows, additional impairment charges may be required. In addition, changes in estimates resulting in lower fair values due to unanticipated changes in business or operating assumptions could adversely affect the valuations of long-lived assets.

The accounting estimates relating to impairment of long-lived assets could affect all segments.

UNGUARANTEED RESIDUAL VALUE FOR FINANCE LEASES AND OPERATING LEASES

We estimate unguaranteed residual values of leased equipment (such as automobiles, office equipment, etc.) when we calculate unearned lease income to be recognized as income over the lease term for finance leases and when we calculate depreciation amounts for operating leases that carry inherently higher obsolescence and resale risks. Our estimates are based upon current market values of used equipment and estimates of when and how much equipment will become obsolete, and actual recovery being experienced for similar used equipment. If actual demand for re-lease or actual market conditions of used equipment is less favorable than that projected by management, write-downs of unguaranteed residual value may be required.

The accounting estimates relating to unguaranteed residual value for finance leases and operating leases affect mainly the Corporate Financial Services and Maintenance Leasing segment, and the Asia and Australia segment.

INSURANCE POLICY LIABILITIES AND DEFERRED POLICY ACQUISITION COSTS

Certain subsidiaries write life insurance policies to customers. The policies are classified as long-duration contracts and mainly consist of whole life, term life, endowments, medical insurance and individual annuity insurance contracts. The calculation of liabilities for future policy benefits other than single-payment whole life insurance and individual annuities is computed using the same contract groupings (also referred to as cohorts) by policy year, currency, payment method (full term payment or limited payment) and product category and the liabilities for future policy benefits are computed using the net level premium method based on expected future policy benefit payments. A liability is recorded for the present value of expected future policy insurance benefits to be paid and certain related costs, less the present value of expected future net premium to be earned, at the time the premium revenue recognized. For limited payment contracts, the excess of gross premiums received over net premium is recorded as a deferred profit liability.

The liabilities for future policy benefits are measured using assumptions such as mortality, morbidity, lapse, expense and discount rates. These assumptions are determined based on historical experience, industry data and other factors. Certain subsidiaries review and update future cash flow assumptions at least annually except for expense assumptions. Certain subsidiaries elected to lock in and not to update expense assumptions after expense assumptions are determined based on the most recent actual results at the time of contract issuance. The net premium ratios for calculating the liabilities for future policy benefits are also updated quarterly by cohort, reflecting actual cash flows. Certain subsidiaries remeasure the liabilities for future policy benefits using the updated net premium ratios as of the beginning of the reporting period in which the assumptions are updated and record the change from the remeasurement as gains or losses. For periods subsequent to the remeasurement, certain subsidiaries calculate the liabilities for future policy benefits using updated net premium ratios. If net premiums exceed gross premiums, the liabilities for future policy benefits are increased and the excess is recognized immediately in earnings.

Certain subsidiaries use a yield curve based on the yields on single-A rated fixed-income instruments as upper-medium grade fixed-income instrument yields with durations similar to the liabilities for future policy benefits to determine discount rate assumptions. The yields on single-A rated fixed-income instruments are referenced in the index provided by a third-party pricing vendor. The discount rate assumptions are updated quarterly and are used for remeasurement of the liability at the reporting date. Changes in the liabilities for future policy benefits resulting from updates of discount rate assumptions are recognized in other comprehensive income (loss), net of applicable income tax. For periods beyond the observable period of the referenced index, the discount rate yield curve beyond the observable period of the referenced index is interpolated to the ultimate forward rate using the Smith-Wilson method.

Certain subsidiaries elected the fair value option for the entire variable annuity and variable life insurance contracts with changes in the fair value recognized in earnings. The changes in fair value of the variable annuity and variable life insurance contracts are linked to the fair value of the investment in securities managed on behalf of variable annuity and variable life policyholders. Additionally, certain subsidiaries provide minimum guarantees to variable annuity and variable life policyholders under which it is exposed to the risk of compensating losses incurred by the policyholders to the extent contractually required. Therefore, certain subsidiaries adjust the fair value of the underlying investments by incorporating changes in fair value of the minimum guarantee risk in the evaluation of the fair value of the entire variable annuity and variable life insurance contracts. The fair value of the minimum guarantee risk is measured using discounted cash flow methodologies based on discount rates, mortality, lapse rates, annuitization rates and other factors.

Certain subsidiaries ceded a portion of their minimum guarantee risk related to variable annuity and variable life insurance contracts to reinsurance companies in order to mitigate the risk and elected the fair value option for the reinsurance contracts. In addition, we economically hedge risks that are not covered by reinsurance. The reinsurance contracts do not relieve certain subsidiaries from the obligation as the primary obligor to compensate certain losses incurred by the policyholders, and the default of the reinsurance companies may impose additional losses on certain subsidiaries.

Policy liabilities and policy account balances for single-payment whole life insurance and fixed annuity insurance contracts are measured based on the single-premiums plus interest based on expected rate, less withdrawals, expenses and other charges.

Certain costs related directly to the successful acquisition of new or renewal insurance contracts are deferred. Deferred policy acquisition costs consist primarily of agent commissions, except for policy maintenance costs, and underwriting expenses. For amortization of deferred policy acquisition costs, insurance contracts are grouped by contract year, currency, payment method (full term payment or limited payment) and product category, using the same contract groupings for the calculation of the liabilities for future policy benefits. Insurance contracts for which the liabilities for future policy benefits are not calculated are grouped by policy year, currency, and product category. Deferred policy acquisition costs are amortized at constant-level basis for each cohort over the expected term of the policies.

For all cohorts, the number of policies in force for the amortization of deferred policy acquisition costs is projected using mortality and lapse rates estimated based on historical experience, industry data and other factors, which are consistent with those assumptions used for calculating the liabilities for future policy benefits. When mortality and lapse rates are updated, the effects on the amortization of deferred policy acquisition costs are derived by updating the projected number of policies in force and recognized prospectively over the expected term of the policies.

If certain reinsurance commissions (income) corresponding to costs related directly to the successful acquisition of new or renewal insurance contracts are incurred, they are similarly deferred and amortized in accordance with U.S.GAAP at a constant level over the expected insurance period, and deducted from the unamortized balance of deferred acquisition costs related to the contracts subject to the reinsurance contract.

The accounting estimates relating to insurance policy liabilities and deferred policy acquisition costs affect the Insurance segment.

Although management believes that these estimates relating to insurance policy liabilities and deferred policy acquisition costs are reasonable, they could be affected by future changes in uncertain economic conditions etc., which could require revisions to assumptions, which could have a material impact on the financial position and results of operations of the Company and its subsidiaries.

ASSESSING HEDGE EFFECTIVENESS

We use foreign currency swap agreements, interest rate swap agreements and foreign exchange contracts for hedging purposes and apply fair value hedge, cash flow hedge or net investment hedge accounting to measure and account for subsequent changes in their fair value.

To qualify for hedge accounting, details of the hedging relationship are formally documented at the inception of the arrangement, including the risk management objective, hedging strategy, hedged item, specific risks that are to be hedged, the derivative instrument and how effectiveness is being assessed. Derivatives for hedging purposes must be highly effective in offsetting either changes in fair value or cash flows, as appropriate, for the risk being hedged and effectiveness needs to be assessed at the inception of the relationship.

Hedge effectiveness is assessed quarterly on a retrospective and prospective basis. If specified criteria for the assumption of effectiveness are not met at hedge inception or upon quarterly testing, then hedge accounting is discontinued. To assess effectiveness, we use techniques including regression analysis and the cumulative dollar offset method.

The accounting estimates used to assess hedge effectiveness could affect mainly the Insurance segment and the Asia and Australia segment.

PENSION PLANS

The determination of our projected benefit obligation and expense for our employee pension benefits is mainly dependent on the size of the employee population, actuarial assumptions, expected long-term rate of return on plan assets and the discount rate used in the accounting.

Pension expense is directly related to the number of employees covered by the plans. Increased employment through internal growth or acquisition would result in increased pension expense.

In estimating the projected benefit obligation, actuaries make assumptions regarding mortality rates, turnover rates, retirement rates and rates of compensation increase. Actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, affect expense in future periods.

We determine the expected long-term rate of return on plan assets annually based on the composition of the pension asset portfolios and the expected long-term rate of return on these portfolios. The expected long-term rate of return is designed to approximate the long-term rate of return actually earned on the plans' assets over time to ensure that funds are available to meet the pension obligations that result from the services provided by employees. We use a number of factors to determine the reasonableness of the expected rate of return, including actual historical returns on the asset classes of the plans' portfolios and independent projections of returns of the various asset classes.

We use March 31 as a measurement date for our pension assets and projected benefit obligation balances under all of our material plans. If we were to assume a 1% increase or decrease in the expected long-term rate of return, holding the discount rate and other actuarial assumptions constant, pension expense for fiscal 2025 would decrease or increase, respectively, by approximately ¥2,895 million.

Discount rates are used to determine the present value of our future pension obligations. The discount rates are reflective of rates available on long-term, high-quality fixed-income debt instruments with maturities that closely correspond to the timing of defined benefit payments. Discount rates are determined annually on the measurement date.

If we were to assume a 1% increase in the discount rate, and keep the expected long-term rate of return and other actuarial assumptions constant, pension expense for fiscal 2025 would decrease by approximately ¥1,022 million. If we were to assume a 1% decrease in the discount rate, and keep other assumptions constant, pension expense for fiscal 2025 would increase by approximately ¥1,117 million.

While we believe the estimates and assumptions used in our pension accounting are appropriate, differences in actual results or changes in these assumptions or estimates could adversely affect our pension obligations and future expenses.

INCOME TAXES

In preparing the consolidated financial statements, we make estimates relating to income taxes of the Company and its subsidiaries in each of the jurisdictions in which we operate. The process involves estimating our actual current income tax position together with assessing temporary differences resulting from different treatment of items for income tax reporting and financial reporting purposes. Such differences result in deferred tax assets and liabilities, which are included within the consolidated balance sheets. We must then assess the likelihood of whether our deferred tax assets will be recovered from future taxable income, and, to the extent we believe that realizability is not more likely than not, we must establish a valuation allowance. When we establish a valuation allowance or increase this allowance during a period, we must include an expense within the provision for income taxes in the consolidated statements of income.

Significant management judgments are required in determining our provision for income taxes, current income taxes, deferred tax assets and liabilities and any valuation allowance recorded against our deferred tax assets. We file tax returns in Japan and certain foreign tax jurisdictions and recognize the financial statement effects of a tax position taken or expected to be taken in a tax return when it is more likely than not, based on the technical merits, that the position will be sustained upon tax examination, including resolution of any related appeals or litigation processes, and measure tax positions that meet the recognition threshold at the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with the taxing authority. Management judgments, including the interpretations about the application of the complex tax laws of Japan and certain foreign tax jurisdictions, are required in the process of evaluating tax positions; therefore, these judgments may differ from the actual results. We have recorded a valuation allowance due to uncertainties about our ability to utilize certain deferred tax assets, primarily certain tax loss carryforwards, before they expire. The valuation allowance is primarily recognized for deferred tax assets of consolidated subsidiaries with tax loss carryforwards. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and tax loss carryforwards are utilizable. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax-planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that all of the deferred tax assets, net of the valuation allowance, will be realized. The valuation allowance is based on our estimates of taxable income by jurisdiction in which we operate and the period over which our deferred tax assets will be recoverable. If actual results differ from these estimates or if we adjust these estimates in future periods, we may need to establish additional valuation allowances, which could materially impact the consolidated financial position and results of operations.

DISCUSSION WITH AND REVIEW BY THE AUDIT COMMITTEE

Our management discussed the development and selection of important accounting policies, including accounting estimate of particular importance with our Audit Committee.

FAIR VALUE OF INVESTMENT AND RENTAL PROPERTY

We own real estate such as rental office buildings, rental logistics centers, rental commercial facilities other than office buildings, rental condominiums and land which is utilized for development as operating leases. A large portion of our real estate held for investment and rental is located around major cities in Japan such as Tokyo. The following table sets forth the carrying amount of investment and rental property as of the beginning and end of fiscal 2025, as well as the fair value as of the end of fiscal 2025.

Year ended March 31, 2025			
Carrying amount *1			
Balance at April 1, 2024	Change amount	Balance at March 31, 2025	Fair value at March 31, 2025 *2
(Millions of yen)			
<u>¥376,571</u>	<u>¥11,844</u>	<u>¥388,415</u>	<u>¥471,735</u>

*1 Carrying amounts are stated as cost less accumulated depreciation and accumulated impairment loss.

*2 Fair value is either obtained from appraisal reports by external qualified appraisers, calculated by internal appraisal department in accordance with “Real estate appraisal standards,” or calculated by other reasonable internal calculation utilizing similar methods.

Investment and rental property revenue and expense for fiscal 2025 were as follows:

Year Ended March 31, 2025		
Revenue*1	Expense*2	Net
(Millions of yen)		
<u>¥72,707</u>	<u>¥32,690</u>	<u>¥40,017</u>

*1 Revenue consists of revenue from leases and gains on sales of real estate under operating leases. Revenue from leases is composed of real estate-related revenues from “Operating leases” and “Life insurance premiums and related investment income.”

*2 Expense consists of costs related to the above revenue such as rental payment, depreciation expense, repair cost, insurance cost, tax and duty which are included in “Costs of operating leases,” and “Write-downs of long-lived assets.”

RECENT DEVELOPMENTS

NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In December 2023, Accounting Standards Update 2023-08 (“Accounting for and Disclosure of Crypto Assets”—Subtopic 350-60 (“Intangibles—Goodwill and Other—Crypto Assets”)) was issued. This update requires that crypto assets within the scope of this Subtopic generally be remeasured at fair value at the end of the reporting period and that changes in carrying amount due to remeasurement be recognized in the income statement. It also requires new disclosures about crypto assets within the scope of this Subtopic. This update is effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. Early adoption is permitted. The Company and its subsidiaries will adopt this update on April 1, 2025. The Company and its subsidiaries expect that the adoption of this update will have no material impact on the Company and its subsidiaries’ results of operations or financial position, as well as disclosures.

In December 2023, Accounting Standards Update 2023-09 (“Improvements to Income Tax Disclosures”—ASC 740 (“Income Taxes”)) was issued. This update requires annual disclosure of income taxes. It requires disclosure of specific categories in the rate reconciliation and separate disclosure and additional information for reconciliation items that are equal to or greater than 5% of the amount computed by multiplying income (or loss) before income taxes by the applicable statutory income tax rate. It also requires disclosure of the amount of income taxes paid disaggregated by national, local and foreign. Additionally, it requires separate disclosure of the amount of income taxes paid disaggregated by each tax jurisdiction in which income taxes paid is equal to or greater than 5% of the total income taxes paid. This update is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company and its subsidiaries will adopt this update that requires annual disclosures on April 1, 2025. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries’ disclosures.

In March 2024, Accounting Standards Update 2024-01 (“Scope Application of Profits Interest and Similar Awards”—ASC 718 (“Compensation—Stock Compensation”)) was issued. This update clarifies how an entity should apply the scope guidance to determine whether profits interest and similar awards (“profits interests awards” from hereafter) should be accounted for in accordance with ASC 718 (“Compensation—Stock Compensation”). This update is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted. This update will either be applied retrospectively to all prior periods presented in the financial statements or prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies the amendments. The Company and its subsidiaries will adopt this update on April 1, 2025 using the option to apply amendments prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies the amendments. The Company and its subsidiaries expect that the adoption of this update will have no material impact on the Company and its subsidiaries’ results of operations or financial position, as well as disclosures.

In November 2024, Accounting Standards Update 2024-03 (“Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures”—(Subtopic 220-40)) was issued, and related update clarifying effective date was issued thereafter. This update requires that entities disclose purchases of inventory, employee compensation, depreciation, intangible asset amortization and depletion for each income statement line item that contains those expenses. It also requires specified expenses, gains or losses that are already disclosed under existing US GAAP to be included in the disclosure of the relevant expense captions, and any remaining amounts to be described qualitatively. Additionally, separate disclosures of total selling expenses and its definition are also required. This update is effective for fiscal years beginning after December 15, 2026 and interim periods beginning after December 15, 2027, and early adoption is permitted. This update will either be applied prospectively to financial statements issued for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. The Company and its subsidiaries will adopt this update on April 1, 2027 for annual disclosure and on April 1, 2028 for interim disclosure. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries’ disclosures.

In November 2024, Accounting Standards Update 2024-04 (“Induced Conversions of Convertible Debt Instruments”—Subtopic 470-20 (“Debt—Debt with Conversion and Other Options”)) was issued. This update clarifies the application requirements for accounting treatment when conversions are induced by incentives. This update is effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years, and early adoption is permitted. The Company and its subsidiaries will adopt this update on April 1, 2026. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries’ results of operations or financial position, as well as disclosures.

In May 2025, Accounting Standards Update 2025-03 (“Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity”—ASC 805 (“Business Combinations”), ASC 810 (“Consolidation”)) was issued. This update requires an entity involved in an acquisition transaction effected primarily by exchanging equity interests when the legal acquiree is a VIE that meets the definition of a business to consider the factors in

the guidance of Subtopic 805-10 (“Business Combinations—Overall”) to determine which entity is the accounting acquirer. This update is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. This update requires that an entity apply the new guidance prospectively to any acquisition transaction that occurs after the initial application date. The Company and its subsidiaries will adopt this update on April 1, 2027. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries’ results of operations or financial position.

In May 2025, Accounting Standards Update 2025-04 (“Clarifications to Share-Based Consideration Payable to a Customer”—ASC 718 (“Compensation—Stock Compensation”), ASC 606 (“Revenue from Contracts with Customers”)) was issued. This update revised the definition of the term performance conditions for share-based consideration payable to a customer, including conditions based on the volume or monetary amount of a customer’s purchase of goods or services. When share-based consideration payable to a customer included service conditions, it eliminated the policy election permitting the entity to account for forfeitures as they occur, the entity is required to estimate the number of forfeitures expected to occur. Additionally, it clarifies that share-based consideration payable to a customer is not subject to the constraint on estimates of variable consideration in ASC 606. This update is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. This update will either be applied using a modified retrospective approach, with a cumulative-effect adjustment to retained earnings as of the fiscal year of adoption, or retrospectively to all prior periods presented in the financial statements. The Company and its subsidiaries will adopt this update on April 1, 2027. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries’ results of operations or financial position, as well as disclosures.

RISK MANAGEMENT

Group-Wide Risk Management System

Risk Management System

The allocation of management resources within ORIX Group is conducted taking into consideration group-wide risk preferences determined by management and the business strategies of individual business units. We have established our risk management system to appropriately recognize risks relating to Group businesses on a global scale, to realize allocations of management resources that are appropriate for the risks we face and report such risks to the Board of Directors, the Audit Committee of the Board of Directors, the Executive Committee, and other internal committees as the situation warrants. The Board of Directors and executive bodies comprehensively evaluate the performance of business units and the characteristics of the risks they face and implement necessary measures in response thereto. Through this process, we are able to control our balance sheet, allocate additional management resources to business units with strong potential for growth, and work together with internal control-related functions to analyze and manage risks. The internal audit department conducts internal audits focusing on important risks of the ORIX Group based on the annual internal audit plan.

The risk management system has been adopted by the board of directors as a part of our internal control system. The status of the operation of such internal control system is examined and reported to the board of directors annually. For descriptions of our Board of Directors, Audit Committee, Executive Committee and other internal committees, see “Item 6. Directors, Senior Management and Employees—Corporate Governance System.”

Management of Principal Risks

We recognize the following risks as principal risks: credit risk, business risk, market risk, liquidity risk (risk relating to funding), compliance risk, legal risk, information / cybersecurity risk and IT risk, operational risk and other risks, and external environment-related risk. Each of these risks is managed according to its characteristics.

Credit Risk Management

Our fundamental approach in analyzing credit risk is to evaluate factors such as the adequacy of collateral and guarantees, and the diversification of our customers’ industries and businesses. A comprehensive customer credit evaluation is typically conducted based on the customer’s financial position, cash flows, underlying security interests, profitability and other factors pertaining to individual credit transactions.

By conducting portfolio analysis and implementing measures to establish appropriate credit limits, we control our exposure in potentially higher risk markets.

We recognize that certain assets require extra monitoring of debtors, credit extended to debtors who have petitioned for bankruptcy, civil rehabilitation or other insolvency proceedings, debtors whose bank transactions have been suspended, bills have been dishonored, or debts that have not been collected for three months or more. The relevant business units, in cooperation with the credit department, take measures to secure collateral or other guarantees and to begin the collection process. All information and knowledge gathered from the collection process, starting from the initial demand to the foreclosure of the collateral, is consolidated by the credit department and reflected in our evaluation criteria used for individual credit transactions and portfolio analysis.

Business Risk Management

With regards to new businesses and investments, scenario analyses and stress tests are conducted at the initial stage of investment. Business plans and operations are continuously monitored thereafter and we periodically evaluate and verify the cost of withdrawal from a business, business area or investment.

For our products and services offerings, in addition to continuous monitoring, we regularly review the contents of our products and services offerings in response to changes in the business environment and evolving customer needs and strive to maintain or improve their quality.

A principal risk relating to operating leases is fluctuations in the residual value of leased properties. To mitigate this risk, we monitor our leased properties inventory, the relevant market environments and the overall business environment. We limit our operating leases to leased properties and other assets with high versatility, and evaluate the sale of such properties and other assets depending on changes in market conditions.

We aim to minimize the risk related to fluctuations in market prices for real estate by appropriately considering trends in market prices based on knowledge accumulated thus far, including our experiences during the financial crises.

Market Risk Management

We strive to comprehensively verify and understand the market risks that we face. We have established and maintain Group-wide ALM rules to address these risks.

Interest rate risk is comprehensively evaluated based on factors such as the expected impact of interest rate changes on periodic profit and loss and/or the balance sheet, the assets and liabilities positions and the funding environment. The analysis methods we use are modified, as required, depending on the situation.

We monitor and manage exchange rate risk using indicators such as VaR (value at risk) for exchange rate volatility in our business transactions in foreign currencies and overseas investments. We appropriately manage exchange rate risk by using means such as foreign currency-denominated loans, foreign exchange contracts and currency swaps to hedge exchange rate volatility in our business transactions in foreign currencies and overseas investments.

We manage counterparty credit risk and other risks involved in hedging derivative transactions in accordance with internal rules on derivative transaction management.

For quantitative and qualitative analysis information on market risk, please see “Item 11. Quantitative and Qualitative Disclosures about Market Risk.”

Liquidity Risk Management

To reduce liquidity risk, we diversify fund procurement methods and sources and constantly monitor liquidity on hand. To manage liquidity on hand, we project future cash flows and analyze liquidity risk using hypothetical stress scenarios. We take necessary measures so that our businesses may withstand adverse market changes.

The effect on the business of each subsidiary is monitored by ascertaining liquidity risk in each subsidiary and in every country in which ORIX operates. We take appropriate measures to mitigate liquidity risk, including through such action as parent-to-subsidiary lending.

ORIX Bank and ORIX Life Insurance are regulated by Japanese financial authorities and are required to manage liquidity risk independently from other ORIX Group companies based on their internal regulations formulated according to the relevant regulations.

ORIX Bank categorizes the degree of cash-flow tightness into several stages, and has established measures to strengthen its liquidity risk management system according to each stage. In addition, ORIX Bank has established limits on the required amount of liquid assets and the amount of market-based funding, and the department in charge of risk management monitors compliance with these limits.

ORIX Life Insurance strives to maintain appropriate liquidity by setting standards for its holdings of cash and highly liquid governmental and corporate bonds by period and purpose. In addition to assessing current and future funding needs, ORIX Life Insurance established standards and contingency plans so that it can swiftly and appropriately respond to situations that take place within each stress.

Compliance Risk Management

ORIX Group views compliance as one of the top priorities of management. The ORIX Group strives to build a robust and comprehensive compliance program and promote a culture of compliance, with an emphasis on high standards of ethical behavior at all levels of the organization, and to conduct its business activities in a sincere, fair and transparent manner.

The compliance department requires companies in ORIX Group to formulate a compliance plan and monitors compliance risks within ORIX Group to avoid, mitigate or prevent the realization of such risks. By implementing programs that sustain a culture of compliance, the compliance department seeks to prevent or mitigate compliance risk, and thereby contribute to the sound business and management of ORIX Group.

In addition, ORIX Group strives to raise awareness for compliance matters among its executives and employees by establishing and disseminating various regulations in accordance with the ORIX Group Code of Conduct, which articulates our core standards and expectations for all executives and employees in the ORIX Group. Progress in sustaining a culture of compliance through internal training and other activities is regularly reported to our Audit Committee.

As part of our internal control system, we have established internal whistleblower systems for use by executives and employees in the ORIX Group and external whistleblower systems for use by business partners outside the ORIX Group, and developed internal and external systems designed to mitigate compliance risk. We have also established a system whereby material matters that are reported through the internal and external whistleblower systems and those that relate to legal or other violations are promptly reported to the representative executive officer and appropriate actions are taken in response to instructions received from the representative executive officer. The statuses of responses to material matters are reported to our Audit Committee and information is appropriately shared.

Furthermore, from the perspective of compliance with applicable tax laws, we are committed to paying taxes in conformance with tax laws of relevant jurisdictions, tax treaties and guidelines, and internal rules, to managing our tax affairs in good faith and in compliance with applicable tax systems and to achieving tax transparency on a group-wide basis.

Legal Risk Management

In addition to establishing internal rules necessary for ensuring compliance with laws and regulations, in order to comply appropriately with revisions in laws and regulations, we have also taken measures to understand the applicability of such laws and regulations to each business in ORIX Group and provide instructions to business units to which such laws and regulations apply.

To avoid, reduce and prevent transactional legal risk, we generally require that the legal department and the compliance department both be involved in evaluating and/or executing transactions.

For transactional agreements relating to business transactions, we have established a contract review and approval process involving the legal department in accordance with our prescribed internal rules.

To ensure that proper legal procedures are followed in connection with actual or potential disputes and litigation, we require that the legal department and the compliance department both be involved in the

management of such disputes and litigation, including lawsuits that have been, or are expected to be, brought against us and lawsuits that we bring, or expect to bring, against third parties. In addition, we have in place systems such as a system for monitoring for trademark applications that could infringe on trademarks held by ORIX Group.

The legal department manages intellectual property rights and takes necessary protective measures immediately if an actual or potential infringement of ORIX Group's intellectual property rights is discovered.

Information / Cybersecurity Risk and IT Risk Management

ORIX Group's technology management department provides rules and guidelines such as information system development and operational governance bylaws, engages in reviews of system investments (with system investments above a certain size being deliberated by the Information Technology Management Committee) and the governance of systems quality and development projects from the development stage to the system's final launch to reduce the risk of system failures. In addition, there are ongoing efforts to strengthen the management of IT services to ensure stability in the system operations for systems that are currently in operation and the evaluation of the appropriateness of measures to prevent the recurrence of major failures in systems managed by Group companies. For more information regarding our Information Technology Management Committee, see "Item 6. Directors, Senior Management and Employees—Corporate Governance System—Executive Officers—Information Technology Management Committee." For information / cybersecurity risk, see "Item 16K. Cybersecurity."

Operational Risk and Other Risks Management

We have established internal regulations and are regularly conducting training to increase awareness of such regulations to clarify internal processes used in business operations. In addition, we are focusing on developing and evaluating our internal controls for compliance purposes.

In order to reliably secure and retain a diverse workforce, we continuously strive to promote diversity, equity and inclusion, ensuring that every employee can fully utilize their individual skills. We are also committed to creating a working environment where employees can stay healthy and feel motivated to work.

On top of structuring our human resources systems to flexibly respond to factors such as national and regional labor markets, market practices, compensation standards, laws and regulations, job descriptions and business characteristics, we are continuously creating a work environment that respects human rights and making efforts to improve productivity and to achieve and promote employee well-being in response to a changing environment.

Additionally, we have established a system for teams to contact risk management departments promptly in cases where an operational risk incident, customer claim or similar matter has arisen so that we can respond quickly and carefully and take measures to prevent reoccurrences.

External Environment-related Risk Management

Among the external environment-related risks that we face such as those relating to the business environment, we are particularly focused on developing our systems to address and manage risks related to natural disasters and other unexpected risks. We have established internal rules to manage risks associated with disasters and implemented a framework for organizational implementation of basic principles to manage risks arising from events such as natural disasters, terrorism and infectious diseases, as well as related activities.

For example, we have established systems to confirm the safety and status of all employees in the event our offices are closed due to events such as a disaster or the spread of an infectious disease. To prepare for situations where it is impossible or inadvisable for employees to work from our offices, we have also introduced systems to allow employees to work remotely so that our business operations will not be disrupted.

ORIX Group is prepared for the occurrence of unexpected events, by diversifying its profit structure through a diversified business portfolio and ensuring sufficient liquidity, which allow it to maintain sound financial health.

Individual Business Risk Management

We engage in a broad spectrum of businesses, including financial service operations. We seek to perform complete and transparent monitoring and risk management according to the characteristics of each business segment.

Corporate Financial Services and Maintenance Leasing

Legal risk and credit risk are the main risks of the corporate financial services business.

Due to the offering of various products and services by business units in our corporate financial services business, the enactment of or revisions or changes to related laws, regulations, taxation systems, and accounting standards may adversely affect the products and services we offer and lead to a decline in fee income. In order to reduce such risk, business units conduct information gathering and coordinate with the legal department with regard to information on changes in relevant laws and regulation, as well as reassessing their business strategies as necessary.

With regard to credit transactions, the corporate financial services business regularly monitors the performance, related collateral, and collection status of customers whose balances exceed specified levels. The credit department regularly evaluates customers with large credit balances.

Within the corporate financial services business, we analyze current conditions and the outlook for specific business types and industries, examine the potential impact on customers, and consider the views of each business unit and specialized department to make decisions about future transactions in that specific business type or industry.

For assets requiring extra monitoring, particularly in transactions secured by real estate, we take various measures such as capitalizing on our network of real estate-related departments to sell properties or introduce tenants.

Business risk and credit risk are the main risks of the maintenance leasing business.

To manage the risk of changes in the market value of property under operating leases, we continuously monitor market conditions and fluctuations in the value of leased property and reassess residual value estimates of leased property in new investment transactions accordingly.

Cost fluctuation is a risk that may occur when providing various services associated with operating leases. In response to this, we analyze initial cost planning and performance, monitor future forecasts and control costs at an appropriate level.

In addition, our services might fall short of customer expectations due to changes in the operating environment or changes in and diversification of client needs. We monitor our service quality quantitatively and qualitatively and continuously strive to provide services at a level that meets our clients' expectations and to improve our services in line with the operating environment.

Furthermore, we not only conduct credit examinations of individual transactions to manage credit risk, but also conduct comprehensive assessments that consider changes in, and our expectations regarding, the business environment.

Real Estate

Business risk and market risk are the main risks of the Real Estate segment.

With respect to our real estate investments, before making an investment decision we evaluate the actual cash flow performance of the target as against the initial plan and forecasts, and monitor investment strategies and schedules after execution. Upon a major divergence from the initial forecast, we reevaluate our strategy.

Furthermore, when we invest in large scale or long-term projects, we consider diversifying risk by making joint investments with our partners.

In our development and leasing business, we monitor development and retention schedules and net operating income yield. We capitalize on the Group's network to improve occupancy rates and promote sales.

In our facility operation business, we monitor performance indicators such as occupancy and utilization rates and profitability. We conduct market analysis and take initiatives to improve the desirability of our facilities, such as through renovations. To improve the quality of our services and facilities, we take into consideration customers' feedback and also implement training programs for our employees.

In our condominium business (new and used), we monitor sales figures and profitability of individual businesses while keeping in mind the market environment, construction costs, relevant interest rates and real estate-related taxation systems. Additionally, in our construction business, we seek to control construction costs and construction periods, while also focusing on health and safety management.

PE Investment and Concession

Business risk, market risk and operational risk are the main risks of PE Investment and Concession segment.

When making investment decisions with regard to potential investees in the private equity business, we conduct a credit evaluation, analyzing the investee's financial condition and assessing its cash flow, as is done for credit examinations. We also perform a multi-faceted evaluation of the characteristics of the business operation and investment scheme, in which administrative departments such as accounting and legal are also involved. In addition, after the initial investment, individual transactions are monitored for divergence from the initial scenario.

We emphasize monitoring financial condition of a company when increasing the corporate value of a company since cash flow is a key factor during such period. We also monitor market risk as the time for collection nears, measuring corporate value by referencing the corporate value of similar business types. The frequency of monitoring may increase based on changes in the business environment, and we simultaneously verify the adequacy of investment scenarios and take any necessary action. Furthermore, for investments that have a significant impact on the profitability of ORIX Group, we work to strengthen management through measures such as seconding of management personnel.

We conduct our concession business in public facilities such as airports, together with business partners.

The long-term nature of this business adds uncertainty and, therefore, we conduct stress tests in advance to evaluate the effect of disaster recovery or business withdrawal costs on operating revenue and cash flow based on demand forecasts and monitor business plans and operations on a regular basis and as the situation warrants. We also strive to train staff with expertise on the management of public facilities and reduce operational risk by establishing a management system with business partners and strengthening governance.

Environment and Energy

Business risk, legal risk and operational risk are the main risks of the Environment and Energy segment.

In the environment and energy business, we conduct various businesses in the renewable energy, energy conservation, electricity retail, resource recycling and waste processing operations sectors both in and outside of Japan. They are easily impacted by factors such as the external environment, and changes in social trends, systems and legal regulations, a surge in commodity prices, an increase in volatility for electricity prices, and disruption in supply chains can be ongoing threats. Due to these potential factors, while there are cases when it becomes necessary to change the revenue structure of individual businesses, we are able to quickly identify trend changes in the external environment and seek new revenue generation opportunities through business model shifts, new business developments, and business portfolio shuffles.

In each business, we operate a wide variety of facilities related to electricity generation, resource recycling and waste processing operations, and proactively seek out investment opportunities in various M&As and strategic alliances to further expand our businesses, but we also continue to strengthen internal governance by reassuring internal controls set in place. We also make efforts to optimize our operations mainly together with specialist groups with technical expertise in order to develop business continuity plan structures that ensure safety and appropriateness of each facility and develop readiness for situations such as natural disasters, accidents, and epidemics.

Insurance

Business risk and market risk are the main risks in the Insurance segment.

In insurance underwriting, we risk sustaining losses due to changes in the economic environment or insurance accident rates over time such that they differ significantly from the assumptions made when the insurance premiums were set. Through monitoring of these factors that could cause losses, we re-evaluate underwriting standards, develop new products, update or discontinue existing products. Furthermore, we employ reinsurance as one means of ensuring payments of insurance claims and the stability of our business management. When utilizing reinsurance, we determine standards for reinsurance according to the characteristic of the transferred risk and effect of reinsurance. When choosing a reinsurance company, we focus on ensuring that there is a high probability we can recover the fees reinsurance claims by taking into account underwriting capacity and financial health.

With respect to market risk, to prepare for changes in the value of our assets and liabilities, we establish monitoring items and assess the risks for general account assets. Furthermore, from an asset liability management perspective we strive to limit interest rate risk through the purchase of super long-term bonds to match their duration with liabilities.

Banking and Credit

Credit risk is the main risk of the Banking and Credit segment.

Regarding each real estate investment loan we extend for the purchase of condominiums and apartments for investment purposes, we conduct screenings through individual interviews, which consist of a comprehensive evaluation including not only the client's real estate investment appetite, supporting documentation, and ability to repay but also the cash flows that can be derived from the property and its collateral value. Throughout this process, we utilize the real estate market information and industry know-how we have built over many years.

Decision making for corporate loans is based on an investigation of the client's performance, business plan, intended use of proceeds, expected source of repayment and industry trends. We also reduce risk by avoiding overconcentration in any particular business type and product in our portfolio.

The consumer finance business uses a proprietary scoring system incorporating a credit model. We set interest rates and credit limits in line with each customer's credit risk profile, after evaluating their creditworthiness based on an analysis of certain customer attributes or payment history, as well as other factors that might affect their ability to repay. Also, we undertake subsequent credit evaluations at regular intervals to monitor changes in the customer's financial condition.

Aircraft and Ships

In the aircraft business, we operate in the operating lease business and aircraft asset management business, where the main risks the businesses face are business risk, credit risk, market risk and operational risk.

We generally limit the aircraft to those with high versatility that are comparatively easy to re-lease and evaluate sales depending on changes in market conditions. In addition, we conduct comprehensive assessments of the customers' performance and related collateral at the time of financing. With regard to our affiliate, Avolon, we continuously monitor its business plan and operations. In addition, we support the sound management of Avolon by contributing to its management through the exercise of our rights as a shareholder and our members of its board of directors.

In the ships business, we operate in the financing business, including operating leases, maritime asset management business, and ship brokerage business, where the main risks the businesses face are credit risk, business risk, market risk and operational risk.

Credit risk is managed at the time of financing through comprehensive assessments of the borrower's performance and related collateral. After conducting the financing, we continue to monitor borrowers and, for borrowers that require caution, our policy requires management to consider the collectability of the financing and to determine the necessity of an allowance for credit losses or an impairment. We generally limit our financing to ships with high versatility that are comparatively easy to re-lease and evaluate sales depending on changes in market conditions. Operational risk primarily arises from the risk of managing ships that we own, but we are able to substantially mitigate the possibility of unforeseen events by reliable in-house ship management and limiting the outsourcing of ship management to experienced and stable partners and conducting regular assessments.

ORIX USA

Credit risk and market risk related to lending and investment are the main risks facing the lending investment business and finance business in the ORIX USA segment.

Regarding credit risk, at the time an investment or loan is made, we assign an internal risk rating to such investment or loan taking into consideration various standard credit metrics, collateral value, and enterprise value. The loan or investment is continuously monitored and the risk rating is periodically reviewed and updated if necessary. For any investments and/or loans for which the rating of the customer has reached or exceeded the cautionary level, our policy requires management to determine the necessity of an allowance for credit losses or an impairment. Regarding market risk, we monitor market values while referring to credit risk information and manage risk by pursuing early sales as appropriate to secure profits or minimize losses.

Operational risk is the main risk for the agency lending business in the United States. We make and sell loans and mortgage-backed securities and provide servicing and asset management services with regard to those loans and mortgage-backed securities. The majority of those loans and mortgage-backed securities are insured by the Federal Housing Administration or guaranteed by a government-sponsored financial institution such as Fannie Mae and Freddie Mac. We conduct our agency lending business in accordance with the designated procedures set forth by these government agencies and government-sponsored institutions; and monitor and manage loan servicing and asset management quality through internal auditing for compliance with the designated procedures and periodic reviews by these agencies and institutions.

Operational risk is the main risk for the asset management business.

We promote the standardization of business processes, regulations and manuals and seek to prevent omissions and mistakes in conducting business operations and to improve efficiency generally. In addition, we ensure proper risk management by clarifying operating procedures and the authority and the responsibilities of administrators and supervisors in business operations.

In addition to monitoring to maintain and ensure satisfactory levels of credit, market and operational risk, we review our products and services to constantly maintain and improve performance and quality in response to changes in the business environment and evolving customer needs.

ORIX Europe

In the ORIX Europe segment, we mainly operate in the asset management industry, where the main risks they face are operational risk and compliance risk.

To mitigate operational and compliance risks in the asset management business, particularly risks related to acting as a fiduciary manager for customer and client property, we promote a transparent risk culture and the standardization of business processes, internal regulations and procedures. Some operational risk in the asset management business stems from changes in the highly regulated environment of jurisdictions in which the companies operate so ORIX Corporation Europe (“OCE”) group companies actively monitor regulatory developments at an early stage to address these risks, both directly and through representative associations. OCE group companies further ensure proper risk management by implementing risk management policies and frameworks in compliance with applicable regulations, client demand, and sound risk management practices. OCE’s role within the OCE group is to oversee and monitor the risk management and internal control frameworks of each OCE group company.

Asia and Australia

Our local subsidiaries in the Asia and Australia segment primarily operate leasing, loan, automobile leasing and investment businesses. The main risks those businesses face are credit risk, business risk and market risk.

In the leasing and loan businesses, comprehensive assessments of customers’ business performance and collateral are conducted. Regular monitoring is conducted for purposes such as tracking unpaid amounts and preventing deviations in portfolios at the local subsidiary level and corrective action is taken when necessary. In the automobile leasing business, risk management is conducted by considering factors that vary from country to country like lease taxation systems and characteristics of the used automobile market.

In the investment business, investments are conducted in a manner similar to domestic investments, with an assessment of the transaction conducted initially and regular monitoring conducted after the transaction takes place. In cases where we have rights as a shareholder as a result of the transaction or have dispatched a director, we support sound management of the investee through our involvement in its board of directors.

Item 6. Directors, Senior Management and Employees

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

CORPORATE GOVERNANCE SYSTEM

We believe that a robust corporate governance system is a vital element of effective and enhanced management and have established sound and transparent corporate governance to carry out appropriate business activities in line with Management's Basic Policy and to ensure objective management.

ORIX's corporate governance system is characterized by:

- separation of execution and supervision through a "Company with Nominating Committee, etc." board model;
- Nominating, Audit and Compensation Committees composed entirely of outside directors;
- all outside directors satisfying "Requirements for Independent Directors"; and
- all outside directors being highly qualified in their respective fields.

Rationale behind adopting ORIX's Corporate Governance System and history of the system

We believe that swift execution of operations is vital to effectively respond to changes in the business environment. Furthermore, we believe that ORIX promotes improved management transparency through a corporate governance system in which outside directors, who have expert knowledge in their respective fields, monitor and advise on the lawful and appropriate execution of operations with an independent view.

Based on these principles, our Board of Directors possesses an oversight function and, under the "Company with Nominating Committee, etc." board model delegates certain responsibilities to the three board committees to carry out the role of effective governance.

All members of the three committees (Nominating, Audit and Compensation) are outside directors to separate the oversight function of the Board of Directors from the execution of operations and avoid conflicts of interest with our shareholders.

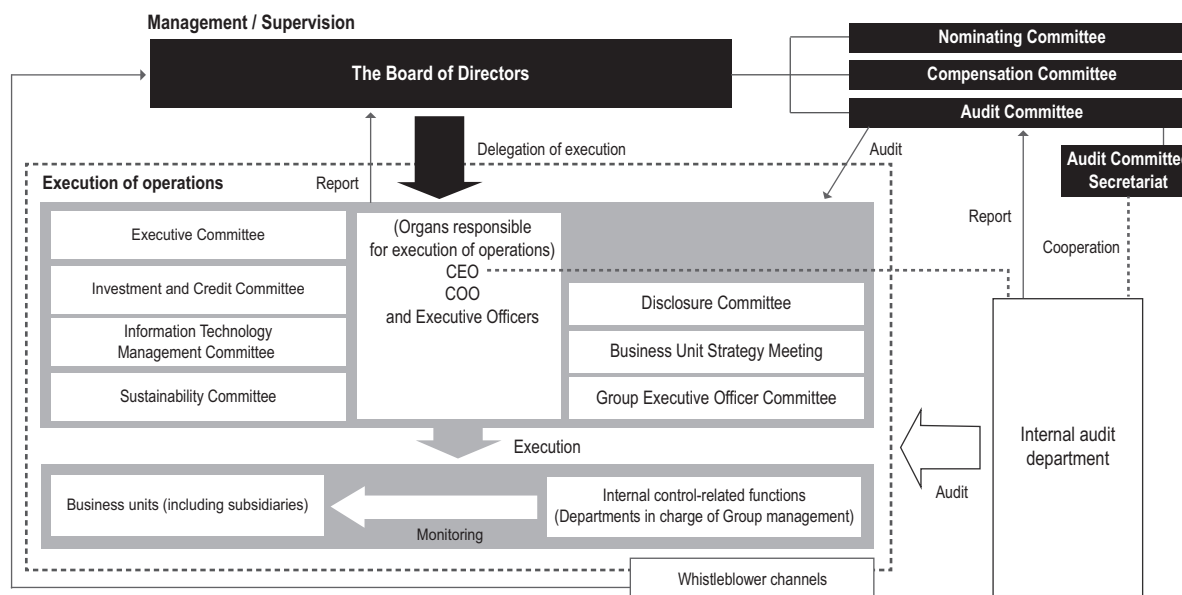
In addition, all outside directors meet objective and specific "Requirements for Independent Directors" stipulated by the Nominating Committee (described below under "Nominating Committee").

Below is a summary of the history of ORIX's corporate governance system:

June 1997	Established Advisory Board
June 1998	Introduced Corporate Executive Officer System
June 1999	Introduced Outside Director System
June 2003	Adopted the "Company with Committees" board model
May 2006	Adopted the new "Company with Committees" board model in line with the enactment of the Companies Act of Japan
May 2015	Adopted the new "Company with Nominating Committee, etc." board model in line with the amendment of the Companies Act of Japan

The "Company with Nominating Committee, etc." board model, as stipulated under the Companies Act of Japan, requires the establishment of three board of director committees: the Nominating, Audit and Compensation Committees. Each committee is required to consist of three or more directors, a majority of whom must be outside directors. Directors may serve on more than one committee. The term of office of committee

members is not stipulated under the Companies Act of Japan. However, as a committee member must be a director of the Company, the term expires at the close of the first annual general meeting of shareholders after his or her election. Under the Companies Act of Japan, an outside director is defined as a director who does not have a role in executing the Company's business, meaning an individual who has not assumed in the past ten years the position of a representative director or a director with the role of executing the business, executive officer (*shikkou-yaku*), manager or any other employee of the Company or any of its subsidiaries, and who does not currently assume such position of the Company or any of its subsidiaries. (See Item 16G "Corporate Governance".)



Board of Directors

The Board of Directors has ultimate decision-making authority for our important affairs. It also monitors the performance of the directors and executive officers and receives performance reports from the executive officers and others. Our Articles of Incorporation provide for no fewer than three directors. Directors are elected at general meetings of shareholders. The term of office for any director, as stipulated under the Companies Act of Japan, for companies that adopt a "Company with Nominating Committee, etc." board model, expires at the close of the first annual general meeting of shareholders after his or her election or re-election as the case may be.

The Board of Directors carries out decisions related to items that, either as a matter of law or pursuant to our Articles of Incorporation, cannot be delegated to executive officers, such as management policies and basic policy on the internal control system, and other important items as determined by the regulations of the Board of Directors. The Board of Directors monitors the execution of duties by the directors and executive officers using management and internal control policies, which are reviewed and updated on a regular basis.

The Board of Directors sometimes delegates certain decision-making authority regarding operational execution to the representative executive officer ("the Group CEO" and "the Group COO") to promote decision-making efficiency and operational execution. For example, the Board of Directors may delegate to the representative executive officer the authority to approve issuances of shares of capital stock and bonds. In addition, the Companies Act of Japan permits an individual to simultaneously be a director and a representative executive officer of the Company.

Furthermore, the Board of Directors receives reports from executive officers and the three committees regarding execution status of their respective duties. Accordingly, the Board of Directors collects information and monitors the appropriateness of operational execution based on such information.

(The number of meetings of the Board of Directors held in fiscal 2025 and the attendance of each member)

<u>Name</u>	<u>Status of attendance at the Board of Directors Meetings held in fiscal 2025</u>
Makoto Inoue	Attended eight of eight meetings of the Board of Directors*
Hidetake Takahashi	Attended six of six meetings of the Board of Directors during his term as a member of the Board of Directors*
Satoru Matsuzaki	Attended eight of eight meetings of the Board of Directors*
Stan Koyanagi	Attended eight of eight meetings of the Board of Directors*
Yasuaki Mikami	Attended eight of eight meetings of the Board of Directors*
Michael Cusumano	Attended eight of eight meetings of the Board of Directors*
Sakie Akiyama	Attended eight of eight meetings of the Board of Directors*
Hiroshi Watanabe	Attended eight of eight meetings of the Board of Directors*
Aiko Sekine	Attended eight of eight meetings of the Board of Directors*
Chikatomo Hodo	Attended eight of eight meetings of the Board of Directors*
Noriyuki Yanagawa	Attended eight of eight meetings of the Board of Directors*
Shuji Irie	Attended two of two meetings of the Board of Directors during his term as a member of the Board of Directors

* Furthermore, the Board of Directors passed one deemed resolution in fiscal 2025 pursuant to Article 370 of the Companies Act.

** Shuji Irie stepped down upon the expiration of his term effective June 25, 2024, and Hidetake Takahashi was appointed on the same date.

(Major Considerations by the Board of Directors)

- Decision on content of proposals to be submitted to the general meeting of shareholders
- Decision on basic management policy
- Election of executive officers
- Delegation of decisions on the operational execution to the representative executive officer
- Deliberation on evaluation of the effectiveness of the Board of Directors
- Monitoring of the execution of duties by executive officers based on the reports from executive officers and the three committees, etc.

Composition and size of Board of Directors

The Board of Directors is composed of directors, including outside directors who possess broad knowledge and experience. The number of directors on the board is also maintained at the level we consider to be appropriate for effective and efficient board discussion.

The Board of Directors as of June 24, 2025 included 11 members, six of whom are outside directors. (The structure is expected to remain unchanged after the annual general meeting of shareholders scheduled for June 25, 2025.)

Structure and Activities of the Three Committees

As of June 24, 2025, all three committees (Nominating, Audit and Compensation Committees) are composed entirely of outside directors. The members of each committee along with the number of committee meetings and attendance rates are shown below.

	<u>Nominating Committee</u>	<u>Audit Committee</u>	<u>Compensation Committee</u>
Members as of June 24, 2025	3 Members (Outside Directors: 3) Sakie Akiyama (Chairperson) Hiroshi Watanabe Aiko Sekine	3 Members (Outside Directors: 3) Aiko Sekine (Chairperson) Chikatomo Hodo Noriyuki Yanagawa	3 Members (Outside Directors: 3) Hiroshi Watanabe (Chairperson) Michael Cusumano Chikatomo Hodo
Number of meetings held during fiscal 2025 (Attendance rate)	Six (6) meetings (100%)	Fourteen (14) meetings (100%)	Five (5) meetings (100%)
After the resolution of the Board of Directors following the annual general meeting of shareholders scheduled for June 25, 2025	3 Members (Outside Directors: 3) Hiroshi Watanabe (Chairperson) Chikatomo Hodo Noriyuki Yanagawa	3 Members (Outside Directors: 3) Aiko Sekine (Chairperson) Mami Yunoki Miwa Seki	3 Members (Outside Directors: 3) Chikatomo Hodo (Chairperson) Hiroshi Watanabe Miwa Seki

Nominating Committee

The Nominating Committee is authorized to propose the slate of director appointments or dismissals to be submitted to the general meeting of shareholders. Directors are appointed and dismissed by a resolution of the general meeting of shareholders. In addition, the Nominating Committee deliberates on the agenda concerning the appointment or dismissal of our executive officers to be resolved at the Board of Directors meeting, although this is not required under the Companies Act of Japan.

(The number of meetings of the Nominating Committee held in fiscal 2025 and the attendance of each committee member)

<u>Name</u>	<u>Status of attendance at Nominating Committee Meetings held in fiscal 2025</u>
Sakie Akiyama	Attended six of six meetings of the Nominating Committee
Hiroshi Watanabe	Attended six of six meetings of the Nominating Committee
Aiko Sekine	Attended six of six meetings of the Nominating Committee

(Major Considerations by the Nominating Committee)

- Decision on the content of proposals to be submitted to the general meeting of shareholders regarding the election of directors
- Deliberation on the selection of directors to form each committee and the appointment of executive officers
- Deliberation on the appointment of executive officers and group executives, and changes to the division of their duties
- Deliberation on the selection of representative executive officer and Chief Operating Officer
- Deliberation on the succession plan
- Deliberation on the consideration of outside director candidates

Regarding the major considerations above, in addition to the meetings of the Nomination Committee, regular meetings were held outside the committee for further discussions.

Furthermore, the Nominating Committee ensures that the Board of Directors possesses the appropriate levels of and diversity in knowledge, experience, and expertise, through an established decision-making process for directors' appointments. The Nominating Committee stipulates the "Requirements for Independent Directors" in accordance with the nomination criteria for director candidates described below. The Nominating Committee

also nominates executive officer candidates to the Board of Directors following an assessment of candidates' past experiences, knowledge, and suitability for the position to execute business decisions in the Company's existing and new businesses.

Nomination criteria for director candidates:

(Internal Director)

- An individual with a high degree of expertise in ORIX Group's business and excellent business judgment and business administration skills

(Outside Director)

- An individual with a wealth of experience as a business administrator
- An individual with professional knowledge in fields such as economics, business administration, law and accounting, as such relate to corporate management
- An individual with extensive knowledge in areas such as politics, society, culture and academics, as such relate to corporate management

The Nominating Committee determines whether the conditions for director independence have been met in accordance with the independence-related nomination criteria for outside directors, which are:

- (1) No individual may be a principal trading partner*, or an executive officer (including operating officer, hereinafter the same) or employee of a principal trading partner of ORIX Group. If such circumstances existed in the past, one year must have passed since that person's departure from such office or employment.

* A "principal trading partner" refers to an entity with a business connection to ORIX Group with a transaction amount equivalent to more than the greater of 2% of such entity's consolidated total sales (or consolidated total revenues) or one million U.S. dollars in any fiscal year during the preceding four fiscal years.

- (2) No individual may receive directly a large amount of compensation (10 million yen or higher in a fiscal year), excluding compensation as a director from ORIX Group in any fiscal year during the preceding four fiscal years. Further, any corporation or other entity in which such individual serves as a consultant, account specialist or legal expert may not receive a large amount of compensation (equivalent to more than the greater of 2% of such entity's consolidated total sales (or consolidated total revenues of ORIX Group) or one million U.S. dollars) from ORIX Group. If such circumstances existed in the past, at least one year must have passed since that corporation or other entity received such compensation.
- (3) No individual may be a major shareholder of ORIX (10% or higher of issued shares) or a representative of the interests of a major shareholder.
- (4) No individual may have served as an executive officer of a company having a relationship of concurrent directorship* with ORIX in any fiscal year of the preceding four fiscal years.

* "Concurrent directorship" refers to a relationship in which an executive officer of ORIX or its subsidiaries also serves as a director of a company in which the individual has been an executive officer and an outside director of ORIX.

- (5) No individual may be a member of the executive board (limited to those who execute business) or be a person executing the business (including an officer, corporate member or employee who executes business of the organization) of any organization (including public interest incorporated associations, public interest incorporated foundations and non-profit corporations) that have received a large amount of donation or financial assistance (annual average of 10 million yen or higher over the past three fiscal years) from ORIX Group.

- (6) No individual may have served as an accounting auditor or an accounting advisor (*kaikei san-yo*), a certified public accountant (or a tax accountant) or a corporate member, a partner or an employee of an audit firm (or a tax accounting firm) who personally performed the audit work (excluding engagement as a supporting role) for ORIX Group in any fiscal year during the preceding four fiscal years.
- (7) None of an individual's family members* may fall under any of the following:
 - i) A person who was an executive officer or an important employee of ORIX Group during the past three years.
 - ii) A person who falls under one of the criteria specified in (1) through (3), (5) and (6) above; provided, however, that criterion (1) is limited to an executive officer, criterion (2) is limited to a corporate member or a partner of the corporation or other entity and criterion (6) is limited to an executive officer or an employee who performs the audit on ORIX Group in person.

* Family members include a spouse, those related within the second degree by consanguinity or affinity, or other kin living with the outside director.
- (8) There must be no material conflict of interest or any possible conflict of interest that might influence the individual's judgment in performing their duties as an outside director.

Audit Committee

The Audit Committee monitors the execution of duties of the directors and executive officers and prepares audit reports. In addition, the Audit Committee decides the content of proposals to appoint, dismiss or refuse the reappointment of the Company's Independent Auditor, which are submitted to the general meeting of shareholders. (See “—Policies on Auditing and Auditing System—*Audit Committee*” for discussion of the main considerations of the Audit Committee and the attendance status of each committee member in fiscal 2025.)

Under the “Company with Nominating Committee, etc.” board model, the directors who compose the Audit Committee are not permitted to be executive officers, executive directors of the Company or its subsidiaries, or managers, employees or accounting advisors (*kaikei san-yo*) of the Company's subsidiaries. Under the “Company with Nominating Committee, etc.” board model, the Audit Committee generally has powers and duties to monitor the performance of the directors and executive officers in the performance of their responsibilities, as well as the right to propose the appointment or dismissal of, or to pass resolutions for refusing reappointment of the Company's independent certified public accountants at the annual general meeting of shareholders. Any proposal for appointment or dismissal of a certified public accountant needs to be submitted to a general meeting of shareholders for approval. In furtherance of its responsibilities, the Audit Committee also has the power to request a report of business operations from any director, executive officer, manager or other employee at any time, and to inspect for itself the details of the Company's business operations and financial condition.

Compensation Committee

The Compensation Committee has the authority to set the policy for determining compensation for directors and executive officers in accordance with the Companies Act of Japan and to set the specific compensation for each individual director and executive officer. Director and executive officer compensation information is disclosed in accordance with the Companies Act and the Financial Instruments and Exchange Act.

(The number of meetings of the Compensation Committee held in fiscal 2025 and the attendance of each committee member)

<u>Name</u>	<u>Status of attendance at Compensation Committee Meetings held in fiscal 2025</u>
Hiroshi Watanabe	Attended five of five meetings of the Compensation Committee
Michael Cusumano	Attended five of five meetings of the Compensation Committee
Chikatomo Hodo	Attended five of five meetings of the Compensation Committee

(Major Considerations by the Compensation Committee)

- Decision on the performance evaluations and individual payment amounts related to performance-linked compensation (annual bonus) for fiscal 2024
- Deliberation and decision on the compensation system for directors and executive officers for fiscal 2025
- Deliberation on the compensation levels for directors and executive officers based on the outcome of an investigation by a third-party compensation research agency

Executive Officers

Under the “Company with Nominating Committee, etc.” board model, and within the scope of laws and ordinances, corporate decisions made at the Board of Directors are delegated to the representative executive officer to accelerate and achieve efficiency in business operations. The representative executive officer makes important business execution decisions after deliberations by the Executive Committee (“EXCO”) or other appropriate committees in accordance with the Company’s internal policies. The business execution duties of executive officers are decided by the Board of Directors and the representative executive officer and these duties are carried out based upon the Company’s internal policies.

Important decision-making related to business execution, monitoring, discussions, and information sharing is carried out by the following bodies:

Executive Committee

The EXCO, which consists of the Group CEO and executive officers and others appointed by the Group CEO, deliberates on important matters related to the management of the Company. Matters considered crucial to our operations are reported to the Board of Directors as appropriate.

Sustainability Committee

The Sustainability Committee, which consists of the Group CEO, the Group COO and executive officers and others appointed by the Group CEO, deliberates on important matters related to promoting and implementing sustainability. Additionally, certain matters are reported to the Board of Directors depending on their content and level of importance.

*External experts may potentially be invited.

Investment and Credit Committee

The Investment and Credit Committee, which consists of the Group CEO and executive officers and others appointed by the Group CEO, deliberates on investments and credit transactions that exceed certain specified investment or credit amounts. Matters considered crucial to our operations are reported to the Board of Directors as appropriate after being deliberated on by the EXCO.

Information Technology Management Committee

The Information Technology Management Committee, which consists of the Group CEO, the officer in charge of the Technology Department and executive officers appointed by the Group CEO, deliberates on important matters related to establishing fundamental policies for IT operations and IT strategy and implementing and maintaining IT systems.

Disclosure Committee

To ensure timely and appropriate disclosure of information material to ORIX Group, the Disclosure Committee, which consists of the executive officers in charge of the group management departments related to

the disclosure of information material to ORIX Group, receives reports on material non-public information from persons in charge of each unit, and takes steps necessary to determine whether or not timely disclosure of such information is necessary, and the appropriate means of disclosing such information.

Group Executive Officer Committee

The Group Executive Officer Committee, in which all executive officers and group executives participate, discusses important matters relating to the business execution of ORIX Group. Group executives are appointed by the Board of Directors from among directors and executive officers of Group companies.

Business Unit Strategy Meeting

The Business Unit Strategy Meeting, in which the Group CEO, Group COO and executive officers appointed by the Group CEO participate, discusses matters such as the strategy of each business unit and changes in the business environment.

Policies on Auditing and Auditing System

The Audit Committee has established the following four items as its fundamental policies:

- The Committee shall monitor and verify the content of resolutions made by the Board of Directors concerning the ORIX Group's internal control system and the formulation and status of operations of the Group's internal control systems. In particular, it shall consider the validity and effectiveness of compliance systems, systems to ensure the credibility of financial reporting, and risk management systems.
- The Committee shall monitor and verify whether directors, executive officers, and employees under the supervision of executive officers are complying with laws, ordinances, and the provisions of the Articles of Incorporation in fulfilling their obligations of loyalty and due diligence, as well as any other legal obligations to the Group.
- The Committee shall monitor and verify whether executive officers are determining the execution of their duties and carrying out said duties in a sound, fair, appropriate, and efficient manner in accordance with basic management policies, medium-term management plans, and other plans and policies established by the Board of Directors.
- To ensure the fairness and credibility of audits, the Committee shall monitor and verify whether the independent certified public accountants are maintaining an unbiased attitude and an independent position and conducting appropriate audits as a professional expert.

Based on these fundamental policies, the Audit Committee verifies the status of the performance of duties and the formulation and status of operations of internal control systems with the representative executive officer and the heads of internal control-related and accounting departments, and shares information with the executive officers responsible for the Group Internal Audit Department, the independent certified public accountants, and others as necessary. The Audit Committee also has access to external experts necessary to carry out its duties.

The Auditing functions of the Company are as follows.

Audit Committee

As of the filing of this annual report, the Audit Committee which consists of three outside directors evaluates the Group's internal control systems from an independent standpoint and may appoint outside experts to conduct its duties if necessary. Aiko Sekine, chairperson of the Audit Committee, is qualified as a certified public accountant and has extensive knowledge in finance and accounting as a professional accountant.

After the resolution of the Board of Directors following the annual general meeting of shareholders scheduled for June 25, 2025, the structure is expected to remain unchanged from the date of submission of this report, except as described below.

Aiko Sekine and Mami Yunoki are qualified as certified public accountants and have extensive knowledge in finance and accounting as professional accountants.

(The number of meetings of the Audit Committee held in fiscal 2025 and the attendance of each committee member)

<u>Name</u>	<u>Status of attendance at Audit Committee Meetings held in Fiscal 2025</u>
Aiko Sekine	Attended fourteen of fourteen meetings of the Audit Committee
Chikamoto Hodo	Attended fourteen of fourteen meetings of the Audit Committee
Noriyuki Yanagawa	Attended fourteen of fourteen meetings of the Audit Committee

(Major Considerations by the Audit Committee)

- Decision on Audit Committee Audit Plan (determination of audit policies, methods, allocation, and costs)
- Decision on remuneration of the independent certified public accountants
- Decision on evaluation and reappointment of the independent certified public accountants
- Decision on the Group Internal Audit Department mid-term audit policy and annual audit plan
- Preapproval for entrustment of non-audit services, etc.
- Business execution reports by the Group CEO and executive officers
- Report on the Group Internal Audit Department activities
- Internal control-related functions activity report
- Financial report
- Accounting audits report

In addition to the above, to enhance discussion in the Audit Committee and to strengthen cooperation among Audit Committee members, opportunities to reflect on the audit plan and audit activities were provided at regular intervals. In addition, the members of the Audit Committee collected information useful for audit activities, including the current status of each business of the ORIX Group, business strategies, and project progress, through activities such as briefing sessions with executive officers and inspections of business sites, operating facilities, etc.

Audit Committee Secretariat

The Audit Committee Secretariat which includes four staff members, supports the work of the Audit Committee under the Audit Committee's instructions. The appointment and evaluation of, changes to, and disciplinary action toward the staff of the Audit Committee Secretariat are carried out by the executive officer responsible for the Group Internal Audit Department with the approval of the Audit Committee.

Group Internal Audit Department and Group Audit & Supervisory Board Members

The Group Internal Audit Department, which includes 69 staff (as of the end of May 2025), performs internal audits in accordance with the Global Internal Audit Standards set by the Institute of Internal

Auditors(“IIA”^{*}). The scope of our internal auditing focuses on the effectiveness of internal control systems, the efficiency and effectiveness of operations, compliance, and other factors pertaining to the management of the ORIX Group through a risk-based approach. The Group Internal Audit Department has established the internal rules concerning the basic matters of internal audits, such as the purpose of internal audits, the responsibilities and authority of the internal audit department, and the implementation of internal audits. Based on these rules, the department formulates the annual audit plan and conducts individual internal audits. Following the results of internal audits, the department follows up on the implementation status of remediation plans by the audited departments for matters deemed to be remediated. In November 2021, an external quality assessment confirmed our practices as “Generally Conforms” to the international standards set by the IIA. The Group Internal Audit Department also jointly identifies and monitors critical risk through cooperation with Audit & Supervisory Board Members and internal audit functions at group companies and works to maintain and enhance the ORIX Group’s internal auditing system. The Group Internal Audit Department promotes the acquisition of professional qualifications related to internal audits (such as certified internal auditors, certified information system auditors, certified public accountants, and U.S. certified public accountants). In fiscal 2025, more than 40% of the staff of the Group Internal Audit Department possessed such qualifications.

^{*}The IIA was established in the United States in 1941 and serves as a global leader in internal auditing.

Interactions among the Audit Committee, the Independent Certified Public Accountants and others

In order to ensure the effectiveness of audits, the Audit Committee, the Group Internal Audit Department and the internal control-related functions, and the independent certified public accountants work together through the following procedures.

- The Audit Committee receives regular reports from the Group Internal Audit Department on the annual audit plan, the status of auditing activities of the Group, and the status and results of internal control evaluation related to financial reporting by the Group Internal Audit Department. The Audit Committee confirms problems in business execution and exchanges opinions as necessary. The Audit Committee may also request an investigation from the Group Internal Audit Department if necessary.
- The Audit Committee regularly receives reports from internal control-related functions on the status of operation of the internal control system, and exchanges opinions as necessary.
- The Audit Committee receives reports from the independent certified public accountants on the audit plan and the status and results of financial statement audits and internal control audits conducted by the independent certified public accountants, and listens to and examines the audit opinions and recommendations of the independent certified public accountants. In addition, the Audit Committee exchanges opinions with the independent certified public accountants on major audit considerations.
- The Group Internal Audit Department exchanges views with the independent certified public accountants on risk recognition regarding financial reporting as necessary, and works to strengthen collaboration in order to enhance the effectiveness and efficiency of the supervisory function.
- The internal control-related functions provide the necessary information for audits to the Group Internal Audit Department and the independent certified public accountants, etc. as necessary.

Activities to ensure the effectiveness of audits

- The Group Internal Audit Department has a functional reporting relationship with the Audit Committee and an administrative reporting relationship with the Group CEO. The Chief Audit Executive (“CAE”) has the right of unlimited access, direct reporting and direct communication with the Audit Committee, which is composed entirely of outside directors, and the Group CEO.
- The Group Internal Audit Department establishes the annual audit plan with approval of the Audit Committee, which is an internal body of the Board of Directors, and the Group CEO. Additionally, the Group Internal Audit Department reports on the results of its internal audits to the Audit Committee, the

Group CEO, and all directors. Although there is no mechanism to report these directly to the Board of Directors, the Chair of the Audit Committee reports to the Board of Directors that these have been reported to and approved by the Audit Committee and the Group CEO, as well as the content of discussions at the Audit Committee.

- The Group Internal Audit Department establishes the internal audit rules with approval of the Audit Committee.

Interactions among outside directors' monitoring, internal audit, audit conducted by the Audit Committee and external audit, and with the internal control-related functions

- Outside directors, as members of the Board of Directors, determine the company's direction and strategy, establish basic policy on the internal control system and determine execution of important business affairs. They also demonstrate highly effective oversight functions through reporting about the status of the performance of duties by the Audit Committee and executive officers and reporting as to the status of operation of internal control systems within the internal control-related functions etc., separating from the execution of operations.
- The Audit Committee is composed entirely of outside directors. The Audit Committee conducts an audit regarding the status of the performance of directors' and executive officers' duties and an oversight of the Company's independent certified public accountants in terms of its objectivity and independence.
- The Audit Committee Secretariat provides an opportunity for an interview between members of the Audit Committee and executive officers of ORIX Group in order that members consisting of solely outside directors obtain further understanding of ORIX Group's business.
- After the closing of the Board of Directors meetings, debriefing sessions are held to report the current status of each business, business strategy, progress of projects, etc. and to share information necessary to enable appropriate oversight by the outside directors.

AUDITOR INDEPENDENCE

Presently, our independent certified public accountants are KPMG AZSA LLC. The independence of KPMG AZSA LLC has been evaluated by our Audit Committee. KPMG AZSA LLC has continuously audited ORIX Group since 1985.

ORIX Group prepares consolidated financial statements in accordance with U.S. GAAP. U.S. GAAP consolidated financial information is used by management for evaluating our performance and forms the basis for presentation of financial information to our shareholders. The consolidated financial statements prepared in accordance with U.S. GAAP that are included in this annual report filed with the SEC have been audited by KPMG AZSA LLC, which is registered with the Public Company Accounting Oversight Board ("PCAOB") in the United States.

We select the independent certified public accountants to conduct the Company's audit or determine the reappointment thereof based on the external auditor basic appointment policy ("basic appointment policy") defined by the Audit Committee, which takes into consideration their independence from the Company, as well as their expert knowledge, comprehensive ability to conduct audits, audit quality and the number of continuous audit years in the Company.

With regard to the independent certified public accountants, based on the basic appointment policy described above, if we deem that the independent certified public accountants do not demonstrate adequate expert knowledge, comprehensive ability to conduct audits, audit quality, or if they are in violation of laws or regulations, including the Companies Act and the Certified Public Accountants Act, if they are offensive to public order and morals, or if there are other suitable reasons, the Company's Audit Committee shall submit a proposal to the General Meeting of Shareholders concerning the dismissal or non-reappointment of the independent certified public accountants.

In addition, if the Company's Audit Committee deems that the independent certified public accountants' circumstances qualify as a reason for dismissal provided for in Article 340, Paragraph (1) of the Companies Act, the Audit Committee shall dismiss the independent certified public accountants.

Based on the basic selection policy, we evaluate the independent certified public accountants every year as follows.

The Accounting Department conducts a performance survey of the main group companies that have direct contact with the independent certified public accountants and evaluates them as the accounting department based on the results of the survey.

The Audit Committee directly evaluates the independent certified public accountants and evaluates them based on the Audit Committee External Auditor Selection Evaluation List.

In the fiscal year under review, the Audit Committee conducted the aforementioned evaluation and comprehensively deliberated the content. As a result, we determined that it was desirable to reappoint KPMG AZSA LLC as the independent certified public accountants.

In the opinion of management, the provision of non-audit services did not impair the independence of KPMG AZSA LLC.

DIRECTORS

The Member of the Board of Directors of ORIX as of June 24, 2025 are as follows:

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Makoto Inoue (Oct. 2, 1952)	Member of the Board of Directors, Representative Executive Officer, Chairman and Chief Executive Officer	Apr. 1975	Joined the Company	105,000
		Mar. 2001	General Manager of Investment Banking Headquarters	(840,948)
		Jan. 2003	Deputy Head of Investment Banking Headquarters	
		Feb. 2005	Assumed office of Executive Officer, the Company	
			Head of Alternative Investment & Development Headquarters	
		Jan. 2006	Assumed office of Managing Executive Officer, the Company	
		Dec. 2006	Head of Alternative Investment & Development Headquarters, Responsible for IT Planning Office	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
		Jun. 2008 Head of International Administrative Headquarters, Head of Alternative Investment & Development Headquarters, Responsible for IT Planning Office	
		Jun. 2009 Assumed office of Senior Managing Executive Officer, the Company	
		Jun. 2010 Assumed office of Member of the Board of Directors, Deputy President, the Company	
		Jan. 2011 Assumed office of Member of the Board of Directors, Representative Executive Officer, President, the Company	
		Jan. 2014 Chief Operating Officer	
		Jan. 2014 Co-Chief Executive Officer	
		Jan. 2017 Chief Executive Officer	
		Jan. 2017 Responsible for Group IoT Business Department, Responsible for New Business Development Department I and II	
		Apr. 2017 Responsible for Group IoT Business Department, Responsible for New Business Development Department	
		May 2017 Responsible for Open Innovation Business Department, Responsible for Group IoT Business Department, Responsible for New Business Development Department	
		Jan. 2018 Responsible for Group Strategy Business Unit	
		Jan. 2025 Assumed office of Member of the Board of Directors, Representative Executive Officer, Chairman, the Company	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Hidetake Takahashi (Jan. 13, 1971)	Member of the Board of Directors, Representative Executive Officer, President and Chief Operating Officer Responsible for Group Strategy Business Unit	Apr. 1993	Joined the Company	7,100
		Feb. 2010	General Manager of Business Development and Investment Group I, Investment Banking Headquarters	(105,083)
		Jun. 2010	Assumed office of Executive Officer, DAIKYO INCORPORATED	
		Sep. 2011	General Manager of Planning Department, Investment and Operation Headquarters	
		Nov. 2011	General Manager of Business Development Department, Investment and Operation Headquarters	
		Jan. 2014	General Manager of Business Development Department, Energy and Eco Services Headquarters	
		Jan. 2017	Deputy Head of Energy and Eco Services Headquarters, General Manager of Business Development Department	
		Mar. 2017	Deputy Head of Energy and Eco Services Headquarters, General Manager of Global Business Development Department, Energy and Eco Services Headquarters	
		May. 2018	Assumed office of Member of the Board of Directors, ORIX Corporation UK Limited	
		Jan. 2020	Assumed office of Executive Officer, the Company Head of Energy and Eco Services Headquarters	
		Sep. 2020	Assumed office of Member of the Board of Directors, Ubiteq, INC.	
		Jan. 2022	Assumed office of Managing Executive Officer, the Company	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾		Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Satoru Matsuzaki (Apr. 12, 1966)	Member of the Board of Directors, Deputy President Executive Officer, Group Strategy Business Unit, Responsible for Asia and Australia Head of Corporate Business Headquarters Chairperson, ORIX Auto Corporation Chairperson, ORIX Rentec Corporation	Jan. 2024	Assumed office of Senior Managing Executive Officer, the Company Group Strategy Business Unit, Responsible for Global Investment Strategy	10,428 (203,670)
		Jun. 2024	Assumed office of Member of the Board of Directors, Senior Managing Executive Officer, the Company	
		Jan. 2025	Assumed office of Member of the Board of Directors, Representative Executive Officer, President, the Company Chief Operating Officer Responsible for Group Strategy Business Unit	
		Apr. 1989	Joined Crown Leasing Corporation (retired in Apr. 1997)	
		Aug. 1997	Joined the Company	
		Oct. 2005	General Manager of Strategic Planning Group, Investment Banking Headquarters	
		Apr. 2006	General Manager of Investment and Operation Group, Investment Banking Headquarters	
		Feb. 2010	Head of Office of the President	
		Jun. 2010	General Manager of Corporate Planning Department	
		Jan. 2012	General Manager of Corporate Planning Department, General Manager of Corporate Communications Department	
		May 2012	General Manager of Corporate Planning Department, Special Advisor to Responsible for Corporate Communications Department	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
		Jan. 2013 Assumed office of Executive Officer, the Company Responsible for Corporate Planning Department, Responsible for Corporate Communications Department	
		Jan. 2014 Domestic Sales Administrative Headquarters: Head of New Business Development and Head of Tokyo Sales	
		Jun. 2015 Responsible for New Business Development Department I and II, Head of Tokyo Sales Headquarters	
		Jan. 2017 Head of Eastern Japan Sales Headquarters	
		Jan. 2018 Assumed office of Managing Executive Officer, the Company Head of Domestic Sales Administrative Headquarters, Head of Eastern Japan Sales Headquarters	
		Jan. 2019 Head of Corporate Business Headquarters	
		Jun. 2019 Assumed office of Member of the Board of Directors, Managing Executive Office, the Company	
		Jan. 2020 Assumed office of Member of the Board of Directors, Senior Managing Executive Officer, the Company Chairperson, ORIX Auto Corporation, Chairperson, ORIX Rentec Corporation	
		Jan. 2025 Assumed office of Member of the Board of Directors, Deputy President Executive Officer, the Company	
		Apr. 2025 Group Strategy Business Unit, Responsible for Asia and Australia	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Stan Koyanagi (Dec. 25, 1960)	Member of the Board of Directors, Senior Managing Executive Officer, Global General Counsel Responsible for Legal Function Unit	Oct. 1985	Joined SHEPPARD, MULLIN, RICHTER & HAMPTON LLP (retired in May 1988)	5,000 (0)
		Jan. 1993	Partner, GRAHAM & JAMES LLP (currently Squire Patton Boggs LLP) (retired in Feb. 1997)	
		Mar. 1997	Vice President, ORIX USA Corporation (currently ORIX Corporation USA)	
		Mar. 1999	General Counsel, Vice President and Manager, ORIX USA Corporation (currently ORIX Corporation USA) (retired in Dec. 2003)	
		Jan. 2004	Vice President and Associate General Counsel, KB HOME (retired in Jun. 2013)	
		Jul. 2013	Joined the Company Global General Counsel of Global Business Headquarters	
		Jun. 2017	Assumed office of Member of the Board of Directors, Managing Executive Officer, the Company Responsible for Enterprise Risk Management, Global General Counsel	
		Jun. 2018	Head of Enterprise Risk Management Headquarters	
		Jan. 2019	Responsible for Enterprise Risk Management Headquarters	
		Jan. 2022	Responsible for Legal and Compliance Headquarters	
		Jan. 2023	Assumed office of Member of the Board of Directors, Senior Managing Executive Officer, the Company Responsible for Legal Function Unit	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Yasuaki Mikami (Jan. 29, 1968)	Member of the Board of Directors, Senior Managing Executive Officer, Responsible for Corporate Function Unit Responsible for Work Style Reform Project	Apr. 1990	Joined the Company	3,026
		Mar. 2006	Senior Vice President of Principal Investment Group, Investment Banking Headquarters	(140,388)
		Mar. 2007	Senior Vice President and Treasurer, ORIX USA Corporation (currently ORIX Corporation USA)	
		Oct. 2010	Head of Secretarial Office	
		Jan. 2014	General Manager of Secretarial Office	
		Jul. 2015	General Manager of Human Resources Department	
		Jan. 2016	Deputy Head of Human Resources and Corporate Administration Headquarters, General Manager of Human Resources Department	
		Jan. 2017	Assumed office of Executive Officer, the Company Head of Group Human Resources and Corporate Administration Headquarters,	
		Jun. 2017	Responsible for Secretarial Office Head of Group Human Resources and Corporate Administration Headquarters, Responsible for Work Style Reform Project	
		Jan. 2018	Head of Group Human Resources and Corporate Administration Headquarters, Responsible for Secretariat of The Board of Directors	
		Jan. 2020	Assumed office of Managing Executive Officer, the Company	
		Jan. 2023	Assumed office of Senior Managing Executive Officer, the Company Responsible for Corporate Function Unit	
		Jun. 2023	Assumed office of Member of the Board of Directors, Senior Managing Executive Officer, the Company	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Michael Cusumano (Sep. 5, 1954)	Member of the Board of Directors (Outside Director) Professor, Faculty of Management, Sloan School of Management at Massachusetts Institute of Technology	Jul. 1986	Assistant Professor, Sloan School of Management at Massachusetts Institute of Technology	0 (10,500)
		Jul. 1996	Professor, Faculty of Management, Sloan School of Management at Massachusetts Institute of Technology	
		Jul. 2007	Professor, Faculty of Engineering Systems, School of Engineering at Massachusetts Institute of Technology (retired in Mar. 2016)	
		Apr. 2016	Special Vice President and Dean, Tokyo University of Science (retired in May 2017)	
		Jun. 2019	Assumed office of Member of the Board of Directors (Outside Director), the Company	
		Apr. 2020	Senior Specially Appointed Professor, Tokyo University of Science (retired in Mar. 2022)	
		Jul. 2020	Deputy Dean, Faculty of Management, Sloan School of Management at Massachusetts Institute of Technology (retired in Jun. 2024)	
Sakie Akiyama (Dec. 1, 1962)	Member of the Board of Directors (Outside Director) Founder, Saki Corporation Member of the Board of Directors (Outside Director), Sony Group Corporation Member of the Board of Directors (Outside Director), Mitsubishi Corporation	Apr. 1987	Joined Arthur Andersen & Co. (currently Accenture Japan Ltd.) (retired in Apr. 1991)	0 (10,500)
		Apr. 1994	Founded Saki Corporation Assumed office of Representative Director and Chief Executive Officer, Saki Corporation (retired in Sep. 2018)	
		Oct. 2018	Assumed office of Founder, Saki Corporation	
		Jun. 2019	Assumed office of Member of the Board of Directors (Outside Director), the Company Assumed office of Member of the Board of Directors (Outside Director), Sony Corporation (currently Sony Group Corporation) (scheduled to retire in June 2025)	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Hiroshi Watanabe (Jun. 26, 1949)	Member of the Board of Directors (Outside Director) President, Institute for International Monetary Affairs	Jun. 2020 Assumed office of Member of the Board of Directors (Outside Director), Mitsubishi Corporation	0 (9,000)
		Apr. 1972 Joined the Ministry of Finance	
		Jan. 2003 Director-General, International Bureau, Ministry of Finance	
		Jul. 2004 Vice Minister of Finance for International Affairs, Ministry of Finance (retired in Jul. 2007)	
		Oct. 2007 Special Advisor, Japan Center for International Finance (retired in Sep. 2008)	
		Apr. 2008 Professor, Graduate School of Commerce and Management at Hitotsubashi University (currently Graduate School of Business Administration at Hitotsubashi University) (retired in Sep. 2008)	
		Oct. 2008 Assumed office of Deputy Governor, Japan Finance Corporation (retired in Mar. 2012)	
		Apr. 2012 Assumed office of Deputy Governor, Japan Bank for International Cooperation	
		Dec. 2013 Assumed office of Governor, Japan Bank for International Cooperation (retired in Jun. 2016)	
		Oct. 2016 Assumed office of President, Institute for International Monetary Affairs (scheduled to retire in June 2025)	
		Jun. 2020 Assumed office of Member of the Board of Directors (Outside Director), the Company	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Aiko Sekine (May 13, 1958)	Member of the Board of Directors (Outside Director)	Apr. 1981	Joined Citibank, N.A., Tokyo Branch (retired in Jan. 1984)	0 (9,000)
		Oct. 1985	Joined Aoyama Audit Corporation	
	Professor, Faculty of Commerce at Waseda University	Mar. 1989	Certified as Public Accountant, Japan	
		Jul. 2001	Partner of Chuo Aoyama Audit Corporation (retired in Aug. 2006)	
	Trustee, International Valuation Standards Council	Sep. 2006	Partner of PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC) (retired in Jul. 2016)	
		Jul. 2007	Executive Board Member of Japanese Institute of Certified Public Accountants	
			Board Member of International Ethics Standards Board for Accountants, International Federation of Accountants (retired in Dec. 2010)	
	Advisor, Japanese Institute of Certified Public Accountants Audit & Supervisory Board Member (Outside), IHI Corporation	Jan. 2008	Assumed office of Deputy President of Japanese Institute of Certified Public Accountants	
		Jul. 2010	Assumed office of Chairman and President of Japanese Institute of Certified Public Accountants (retired in Jul. 2019)	
	Member of the Board of Directors (Outside Director), NIPPON STEEL CORPORATION	Jul. 2016	Member of the Nominating Committee, International Federation of Accountants (retired in Dec. 2022)	
		Jan. 2019	Advisor, Japanese Institute of Certified Public Accountants	
		Jul. 2019	Assumed office of Member of the Board of Directors (Outside Director), the Company	
		Jun. 2020	Assumed office of Audit & Supervisory Board Member (Outside), IHI Corporation	
		Sep. 2020	Professor, Faculty of Commerce at Waseda University	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Chikatomo Hodo (Jul. 31, 1960)	Member of the Board of Directors (Outside Director) Member of the Board of Directors (Outside Director), Mitsubishi Chemical Group Corporation Member of the Board of Directors (Outside Director), Sumitomo Mitsui Banking Corporation	Oct. 2020	Trustee, International Valuation Standards Council	0 (7,500)
		Jun. 2024	Assumed office of Member of the Board of Directors (Outside Director), NIPPON STEEL CORPORATION	
		Sep. 1982	Joined Arthur Andersen & Co. (currently Accenture Japan Ltd.	
		Sep. 2005	Assumed office of Representative Director, Accenture Japan Ltd.	
		Apr. 2006	Assumed office of Representative Director and President, Accenture Japan Ltd.	
		Sep. 2015	Assumed office of Director and Chairman, Accenture Japan Ltd. (retired in Aug. 2017)	
		Sep. 2017	Assumed office of Director and Senior Corporate Advisor, Accenture Japan Ltd. (retired as a Director on Jun. 2018)	
		Jul. 2018	Senior Corporate Advisor, Accenture Japan Ltd. (retired in Aug. 2021)	
		Jun. 2019	Assumed office of Member of the Board of Directors (Outside Director), Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation) (scheduled to retire in June 2025)	
		Jun. 2021	Assumed office of Member of the Board of Directors (Outside Director), the Company	
		Jun. 2023	Assumed office of Member of the Board of Directors (Outside Director), Sumitomo Mitsui Banking Corporation	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Noriyuki Yanagawa (Apr. 23, 1963)	Member of the Board of Directors (Outside Director) Professor, Faculty of Economics of Graduate School of Economics at the University of Tokyo	Apr. 1993 Apr. 1996 Apr. 2007 Dec. 2011 Jun. 2022	Specialized Teacher, Faculty of Economics of Keio University Assistant Professor, Faculty of Economics of Graduate School of Economics at the University of Tokyo Associate Professor, Faculty of Economics of Graduate School of Economics at the University of Tokyo Professor, Faculty of Economics of Graduate School of Economics at the University of Tokyo Assumed office of Member of the Board of Directors (Outside Director), the Company	0 (6,000)

- Notes: 1. All ORIX Members of the Board of Directors are engaged full-time except Michael Cusumano, Sakie Akiyama, Hiroshi Watanabe, Aiko Sekine, Chikatomo Hodo and Noriyuki Yanagawa.
2. Name on the family register of Aiko Sekine is Aiko Sano.

ORIX has proposed the “Election of Eleven Directors” as an agenda item (matter to be resolved) at the general meeting of shareholders to be held on June 25, 2025, and if the proposal is approved and passed, the directors of ORIX as of June 25, 2025, will be as follows. The details of the resolutions of the Board of Directors’ meeting scheduled to be held immediately after the General Meeting of Shareholders (such as positions) are included below.

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Makoto Inoue (Oct. 2, 1952)	Member of the Board of Directors, Representative Executive Officer, Chairman and Chief Executive Officer	Apr. 1975 Mar. 2001 Jan. 2003 Feb. 2005	Joined the Company General Manager of Investment Banking Headquarters Deputy Head of Investment Banking Headquarters Assumed office of Executive Officer, the Company Head of Alternative Investment & Development Headquarters	105,000 (840,948)

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
		Jan. 2006 Assumed office of Managing Executive Officer, the Company	
		Dec. 2006 Head of Alternative Investment & Development Headquarters, Responsible for IT Planning Office	
		Jun. 2008 Head of International Administrative Headquarters, Head of Alternative Investment & Development Headquarters, Responsible for IT Planning Office	
		Jun. 2009 Assumed office of Senior Managing Executive Officer, the Company	
		Jun. 2010 Assumed office of Member of the Board of Directors, Deputy President, the Company	
		Jan. 2011 Assumed office of Member of the Board of Directors, Representative Executive Officer, President, the Company	
		Jan. 2014 Chief Operating Officer	
		Jun. 2014 Co-Chief Executive Officer	
		Jan. 2017 Chief Executive Officer	
		Responsible for Group IoT Business Department, Responsible for New Business Development Department I and II	
		Apr. 2017 Responsible for Group IoT Business Department, Responsible for New Business Development Department	
		May 2017 Responsible for Open Innovation Business Department, Responsible for Group IoT Business Department, Responsible for New Business Development Department	
		Jan. 2018 Responsible for Group Strategy Business Unit	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾		Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Hidetake Takahashi (Jan. 13, 1971)	Member of the Board of Directors, Representative Executive Officer, President and Chief Operating Officer Responsible for Group Strategy Business Unit	Jan. 2025	Assumed office of Member of the Board of Directors, Representative Executive Officer, Chairman, the Company	7,100 (105,083)
		Apr. 1993	Joined the Company	
		Feb. 2010	General Manager of Business Development and Investment Group I, Investment Banking Headquarters	
		Jun. 2010	Assumed office of Executive Officer, DAIKYO INCORPORATED	
		Sep. 2011	General Manager of Planning Department, Investment and Operation Headquarters	
		Nov. 2011	General Manager of Business Development Department, Investment and Operation Headquarters	
		Jan. 2014	General Manager of Business Development Department, Energy and Eco Services Headquarters	
		Jan. 2017	Deputy Head of Energy and Eco Services Headquarters, General Manager of Business Development Department	
		Mar. 2017	Deputy Head of Energy and Eco Services Headquarters, General Manager of Global Business Development Department, Energy and Eco Services Headquarters	
		May. 2018	Assumed office of Member of the Board of Directors, ORIX Corporation UK Limited	
		Jan. 2020	Assumed office of Executive Officer, the Company Head of Energy and Eco Services Headquarters	
		Sep. 2020	Assumed office of Member of the Board of Directors, Ubiteq, INC.	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾		Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Satoru Matsuzaki (Apr. 12, 1966)	Member of the Board of Directors, Deputy President Executive Officer, Group Strategy Business Unit, Responsible for Asia and Australia Head of Corporate Business Headquarters Chairperson, ORIX Auto Corporation Chairperson, ORIX Rentec Corporation	Jan. 2022	Assumed office of Managing Executive Officer, the Company	10,428 (203,670)
		Jan. 2024	Assumed office of Senior Managing Executive Officer, the Company Group Strategy Business Unit, Responsible for Global Investment Strategy	
		Jun. 2024	Assumed office of Member of the Board of Directors, Senior Managing Executive Officer, the Company	
		Jan. 2025	Assumed office of Member of the Board of Directors, Representative Executive Officer, President, the Company Chief Operating Officer Responsible for Group Strategy Business Unit	
		Apr. 1989	Joined Crown Leasing Corporation (retired in Apr. 1997)	
		Aug. 1997	Joined the Company	
		Oct. 2005	General Manager of Strategic Planning Group, Investment Banking Headquarters	
		Apr. 2006	General Manager of Investment and Operation Group, Investment Banking Headquarters	
		Feb. 2010	Head of Office of the President	
		Jun. 2010	General Manager of Corporate Planning Department	
		Jan. 2012	General Manager of Corporate Planning Department, General Manager of Corporate Communications Department	
		May 2012	General Manager of Corporate Planning Department, Special Advisor to Responsible for Corporate Communications Department	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
		Jan. 2013 Assumed office of Executive Officer, the Company Responsible for Corporate Planning Department, Responsible for Corporate Communications Department	
		Jan. 2014 Domestic Sales Administrative Headquarters: Head of New Business Development and Head of Tokyo Sales	
		Jun. 2015 Responsible for New Business Development Department I and II, Head of Tokyo Sales Headquarters	
		Jan. 2017 Head of Eastern Japan Sales Headquarters	
		Jan. 2018 Assumed office of Managing Executive Officer, the Company Head of Domestic Sales Administrative Headquarters, Head of Eastern Japan Sales Headquarters	
		Jan. 2019 Head of Corporate Business Headquarters	
		Jun. 2019 Assumed office of Member of the Board of Directors, Managing Executive Office, the Company	
		Jan. 2020 Assumed office of Member of the Board of Directors, Senior Managing Executive Officer, the Company Chairperson, ORIX Auto Corporation, Chairperson, ORIX Rentec Corporation	
		Jan. 2025 Assumed office of Member of the Board of Directors, Deputy President Executive Officer, the Company	
		Apr. 2025 Group Strategy Business Unit, Responsible for Asia and Australia	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Stan Koyanagi (Dec. 25, 1960)	Member of the Board of Directors, Senior Managing Executive Officer, Global General Counsel Responsible for Legal Function Unit	Oct. 1985 Joined SHEPPARD, MULLIN, RICHTER & HAMPTON LLP (retired in May 1988) Jan. 1993 Partner, GRAHAM & JAMES LLP (currently Squire Patton Boggs LLP) (retired in Feb. 1997) Mar. 1997 Vice President, ORIX USA Corporation (currently ORIX Corporation USA) Mar. 1999 General Counsel, Vice President and Manager, ORIX USA Corporation (currently ORIX Corporation USA) (retired in Dec. 2003) Jan. 2004 Vice President and Associate General Counsel, KB HOME (retired in Jun. 2013) Jul. 2013 Joined the Company Global General Counsel of Global Business Headquarters Jun. 2017 Assumed office of Member of the Board of Directors, Managing Executive Officer, the Company Responsible for Enterprise Risk Management, Global General Counsel Jun. 2018 Head of Enterprise Risk Management Headquarters Jan. 2019 Responsible for Enterprise Risk Management Headquarters Jan. 2022 Responsible for Legal and Compliance Headquarters Jan. 2023 Assumed office of Member of the Board of Directors, Senior Managing Executive Officer, the Company Responsible for Legal Function Unit	5,000 (0)

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Yasuaki Mikami (Jan. 29, 1968)	Member of the Board of Directors, Senior Managing Executive Officer, Responsible for Corporate Function Unit Responsible for Work Style Reform Project	Apr. 1990	Joined the Company	3,026
		Mar. 2006	Senior Vice President of Principal Investment Group, Investment Banking Headquarters	(140,388)
		Mar. 2007	Senior Vice President and Treasurer, ORIX USA Corporation (currently ORIX Corporation USA)	
		Oct. 2010	Head of Secretarial Office	
		Jan. 2014	General Manager of Secretarial Office	
		Jul. 2015	General Manager of Human Resources Department	
		Jan. 2016	Deputy Head of Human Resources and Corporate Administration Headquarters, General Manager of Human Resources Department	
		Jan. 2017	Assumed office of Executive Officer, the Company Head of Group Human Resources and Corporate Administration Headquarters, Responsible for Secretarial Office	
		Jun. 2017	Head of Group Human Resources and Corporate Administration Headquarters, Responsible for Work Style Reform Project	
		Jan. 2018	Head of Group Human Resources and Corporate Administration Headquarters, Responsible for Secretariat of The Board of Directors	
		Jan. 2020	Assumed office of Managing Executive Officer, the Company	
		Jan. 2023	Assumed office of Senior Managing Executive Officer, the Company Responsible for Corporate Function Unit	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾		Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Hiroshi Watanabe (Jun. 26, 1949)	Member of the Board of Directors (Outside Director) President, Institute for International Monetary Affairs	Jun. 2023	Assumed office of Member of the Board of Directors, Senior Managing Executive Officer, the Company	0 (9,000)
		Apr. 1972	Joined the Ministry of Finance	
		Jan. 2003	Director-General, International Bureau, Ministry of Finance	
		Jul. 2004	Vice Minister of Finance for International Affairs, Ministry of Finance (retired in Jul. 2007)	
		Oct. 2007	Special Advisor, Japan Center for International Finance (retired in Sep. 2008)	
		Apr. 2008	Professor, Graduate School of Commerce and Management at Hitotsubashi University (currently Graduate School of Business Administration at Hitotsubashi University) (retired in Sep. 2008)	
		Oct. 2008	Assumed office of Deputy Governor, Japan Finance Corporation (retired in Mar. 2012)	
		Apr. 2012	Assumed office of Deputy Governor, Japan Bank for International Cooperation	
		Dec. 2013	Assumed office of Governor, Japan Bank for International Cooperation (retired in Jun. 2016)	
		Oct. 2016	Assumed office of President, Institute for International Monetary Affairs (scheduled to retire in June 2025)	
		Jun. 2020	Assumed office of Member of the Board of Directors (Outside Director), the Company	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Aiko Sekine (May 13, 1958)	Member of the Board of Directors (Outside Director)	Apr. 1981	Joined Citibank, N.A., Tokyo Branch (retired in Jan. 1984)	0 (9,000)
		Oct. 1985	Joined Aoyama Audit Corporation	
	Professor, Faculty of Commerce at Waseda University	Mar. 1989	Certified as Public Accountant, Japan	
		Jul. 2001	Partner of Chuo Aoyama Audit Corporation (retired in Aug. 2006)	
	Trustee, International Valuation Standards Council	Sep. 2006	Partner of PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC) (retired in Jul. 2016)	
		Jul. 2007	Executive Board Member of Japanese Institute of Certified Public Accountants	
		Jan. 2008	Board Member of International Ethics Standards Board for Accountants, International Federation of Accountants (retired in Dec. 2010)	
	Advisor, Japanese Institute of Certified Public Accountants Audit & Supervisory Board Member (Outside), IHI Corporation	Jul. 2010	Assumed office of Deputy President of Japanese Institute of Certified Public Accountants	
		Jul. 2016	Assumed office of Chairman and President of Japanese Institute of Certified Public Accountants (retired in Jul. 2019)	
	Member of the Board of Directors (Outside Director), NIPPON STEEL CORPORATION	Jan. 2019	Member of the Nominating Committee, International Federation of Accountants (retired in Dec. 2022)	
		Jul. 2019	Advisor, Japanese Institute of Certified Public Accountants	
		Jun. 2020	Assumed office of Member of the Board of Directors (Outside Director), the Company Assumed office of Audit & Supervisory Board Member (Outside), IHI Corporation	
		Sep. 2020	Professor, Faculty of Commerce at Waseda University	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾		Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Chikatomo Hodo (Jul. 31, 1960)	Member of the Board of Directors (Outside Director)	Oct. 2020	Trustee, International Valuation Standards Council	0 (7,500)
		Jun. 2024	Assumed office of Member of the Board of Directors (Outside Director), NIPPON STEEL CORPORATION	
	Member of the Board of Directors (Outside Director), Mitsubishi Chemical Group Corporation	Sep. 1982	Joined Arthur Andersen & Co. (currently Accenture Japan Ltd.	
		Sep. 2005	Assumed office of Representative Director, Accenture Japan Ltd.	
		Apr. 2006	Assumed office of Representative Director and President, Accenture Japan Ltd.	
	Member of the Board of Directors (Outside Director), Sumitomo Mitsui Banking Corporation	Sep. 2015	Assumed office of Director and Chairman, Accenture Japan Ltd. (retired in Aug. 2017)	
		Sep. 2017	Assumed office of Director and Senior Corporate Advisor, Accenture Japan Ltd. (retired as a Director on Jun. 2018)	
		Jul. 2018	Senior Corporate Advisor, Accenture Japan Ltd. (retired in Aug. 2021)	
		Jun. 2019	Assumed office of Member of the Board of Directors (Outside Director), Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation) (scheduled to retire in June 2025)	
		Jun. 2021	Assumed office of Member of the Board of Directors (Outside Director), the Company	
		Jun. 2023	Assumed office of Member of the Board of Directors (Outside Director), Sumitomo Mitsui Banking Corporation	

				Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience		
Noriyuki Yanagawa (Apr. 23, 1963)	Member of the Board of Directors (Outside Director) Professor, Faculty of Economics of Graduate School of Economics at the University of Tokyo	Apr. 1993	Specialized Teacher, Faculty of Economics of Keio University	0 (6,000)
		Apr. 1996	Assistant Professor, Faculty of Economics of Graduate School of Economics at the University of Tokyo	
		Apr. 2007	Associate Professor, Faculty of Economics of Graduate School of Economics at the University of Tokyo	
		Dec. 2011	Professor, Faculty of Economics of Graduate School of Economics at the University of Tokyo	
		Jun. 2022	Assumed office of Member of the Board of Directors (Outside Director), the Company	
Mami Yunoki (May 27, 1963)	Member of the Board of Directors (Outside Director)	May 1985	Joined Aoyama Audit Corporation	0 (0)
		Mar. 1988	Certified as Public Accountant, Japan	
	Member of the Examination Board on Strengthening of Financial Functions, Financial Services Agency	Sep. 2006	Joined PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC)	
		Jul. 2008	Partner of PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC)	
		Jul. 2016	Member of the firm management committee and executive officer in charge of the manufacturing, distribution, and services divisions of PricewaterhouseCoopers Aarata LLC (currently PricewaterhouseCoopers Japan LLC)	
	Part-time lecturer at the Graduate School of Hitotsubashi University			
	Representative, Mami Yunoki Certified Public Accountant Office			
	Outside Audit & Supervisory Board Member, Chugai Pharmaceutical Co., Ltd.			
	Member of the Board of Directors (Outside Director), Daiwa Securities Group Inc.		Member of the Examination Board on Strengthening of Financial Functions, Financial Services Agency	

Name (Date of birth)	Current positions and principal outside positions ⁽¹⁾	Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Miwa Seki (Feb 25, 1965)	Member of the Board of Directors (Outside Director) General Partner, MPower Partners Fund L.P. Member of the Board of Directors (Outside Director), Daiwa House Industry Co., Ltd. Member of the Board of Directors (Outside Director), Nxera Pharma Co., Ltd.	Sep. 2019 Partner of the manufacturing, distribution, and services divisions of PricewaterhouseCoopers Aarata LLC (currently PricewaterhouseCoopers Japan LLC) (retired in June 2023) Sep. 2020 Part-time lecturer at the Graduate School of Hitotsubashi University Jul. 2023 Representative, Mami Yunoki Certified Public Accountant Office Mar. 2024 Outside Audit & Supervisory Board Member, Chugai Pharmaceutical Co., Ltd. Jun. 2024 Member of the Board of Directors (Outside Director), Daiwa Securities Group Inc. Jun. 2025 Assumed office of Member of the Board of Directors (Outside Director), the Company	0 (0)
		Apr. 1988 Joined DENTSU INC. (retired in March 1989)	
		Apr. 1989 Joined Smith Barney (retired in July 1991)	
		Sep. 1993 Joined Morgan Stanley (retired in January 1997)	
		Feb. 1997 Joined Clay Finlay Limited	
		Jan. 2003 General Manager, Tokyo Branch, Clay Finlay Limited (retired in August 2007)	
		Jun. 2020 Member of the Board of Directors (Outside Director), Daiwa House Industry Co., Ltd.	
		May 2021 General Partner, MPower Partners Fund L.P.	
		Mar. 2022 Member of the Board of Directors (Outside Director), Sosei Group Corporation (currently Nxera Pharma Co., Ltd.)	
		Jun. 2025 Assumed office of Member of the Board of Directors (Outside Director), the Company	

- Notes: 1. All ORIX Members of the Board of Directors are engaged full-time except Hiroshi Watanabe, Aiko Sekine, Chikamoto Hodo, Noriyuki Yanagawa, Mami Yunoki and Miwa Seki.
2. Name on the family register of Aiko Sekine is Aiko Sano.
3. Name on the family register of Mami Yunoki is Mami Kato.

EXECUTIVE OFFICERS

The executive officers of the ORIX Group as of June 24, 2025, excluding those who are also directors as listed above are as follows:

Name	Title	Areas of duties	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Eiji Arita	Managing Executive Officer	Corporate Business Headquarters Member of the Board of Directors (Outside Director), Kanamoto Co., Ltd.	1,600 (65,125)
Seiichi Miyake	Managing Executive Officer	Investment and Operation Headquarters	4,232 (65,125)
Toyonori Takahashi . . .	Executive Officer	Group Kansai Representative Real Estate Sales Department Senior Managing Executive Officer, ORIX Real Estate Corporation	7,993 (101,830)
Tetsuya Kotera	Executive Officer	Corporate Business Headquarters	2,432 (58,750)
Tomoko Kageura	Executive Officer	Corporate Function Unit Corporate legal affairs	5,677 (60,833)
Nobuki Watanabe	Executive Officer	Group Strategy Business Unit CEO's Office, New Business and Osaka IR Project Office	604 (73,750)
Hiroyuki Ido	Executive Officer	Group Internal Audit Department	0 (47,833)
Ryujiro Tokuma	Executive Officer	Global Transportation Services Headquarters	4,585 (47,833)
Hao Li	Executive Officer	Greater China Group	0 (47,833)
Ikuo Nakamura	Executive Officer	Group Strategy Business Unit Credit and Investment Management	484 (33,833)
Tomohiko Ishihara	Executive Officer	Corporate Function Unit Human Resources, Corporate Administration and Corporate Communications	290 (33,833)
Takashi Otsuka	Executive Officer	Secretariat of The Board of Directors Group Strategy Business Unit Enterprise Risk Management	2,047 (31,750)
Taro Baden	Executive Officer	Corporate Business Headquarters Group Kansai Deputy Representative	2,660 (19,833)

<u>Name</u>	<u>Title</u>	<u>Areas of duties</u>	<u>Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025</u>
Tony Ahn	Executive Officer	Group Strategy Business Unit Information Security Control Department, Technology Department	0 (19,833)
Satoshi Matsui	Executive Officer	Special Assignments	2,300 (19,833)
Atsunori Sato	Executive Officer	Energy and Eco Services Headquarters	1,400 (19,833)
Yoshiaki Matsuoka	Executive Officer	Group Strategy Business Unit Asia and Australia Business Group	1,200 (5,833)
Kei Kitagawa	Executive Officer	Global Transportation Services Headquarters	6,000 (5,833)

- Notes: 1. Name on the family register of Tomoko Kageura is Tomoko Kanda.
2. Tony Ahn's legal name is Donghee Ahn.

Subject to approval of the proposal for the election of executive officers at the Board of Directors meeting scheduled to be held immediately after the annual general meeting of shareholders on June 25, 2025, the executive officer structure of the Company as of June 25, 2025, will be as follows.

<u>Name</u>	<u>Title</u>	<u>Areas of duties</u>	<u>Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025</u>
Eiji Arita	Managing Executive Officer	Corporate Business Headquarters Member of the Board of Directors (Outside Director), Kanamoto Co., Ltd.	1,600 (65,125)
Seiichi Miyake	Managing Executive Officer	Investment and Operation Headquarters	4,232 (65,125)
Toyonori Takahashi . . .	Executive Officer	Group Kansai Representative Real Estate Sales Department Senior Managing Executive Officer, ORIX Real Estate Corporation	7,993 (101,830)
Tetsuya Kotera	Executive Officer	Corporate Business Headquarters	2,432 (58,750)
Tomoko Kageura	Executive Officer	Corporate Function Unit Corporate legal affairs	5,677 (60,833)
Nobuki Watanabe	Executive Officer	Group Strategy Business Unit CEO's Office, New Business and Osaka IR Project Office	604 (73,750)
Hiroyuki Ido	Executive Officer	Group Internal Audit Department	0 (47,833)

Name	Title	Areas of duties	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 24, 2025
Ryujiro Tokuma	Executive Officer	Global Transportation Services Headquarters	4,585 (47,833)
Hao Li	Executive Officer	Greater China Group	0 (47,833)
Ikuo Nakamura	Executive Officer	Group Strategy Business Unit	484
		Credit and Investment Management	(33,833)
Tomohiko Ishihara	Executive Officer	Corporate Function Unit	290
		Human Resources, Corporate Administration	(33,833)
		and Corporate Communications	
		Secretariat of The Board of Directors	
Takashi Otsuka	Executive Officer	Group Strategy Business Unit	2,047
		Enterprise Risk Management	(31,750)
Taro Baden	Executive Officer	Corporate Business Headquarters	2,660
		Group Kansai Deputy Representative	(19,833)
Tony Ahn	Executive Officer	Group Strategy Business Unit	0
		Information Security Control Department,	(19,833)
		Technology Department	
Atsunori Sato	Executive Officer	Energy and Eco Services Headquarters	1,400
			(19,833)
Yoshiaki Matsuoka	Executive Officer	Group Strategy Business Unit	1,200
		Asia and Australia Business Group	(5,833)
Kei Kitagawa	Executive Officer	Global Transportation Services Headquarters	6,000
			(5,833)

Notes: 1. Name on the family register of Tomoko Kageura is Tomoko Kanda.
2. Tony Ahn's legal name is Donghee Ahn.

EMPLOYEES

As of March 31, 2025, we had 33,982 full-time employees, compared to 33,807 as of March 31, 2024 and 34,737 as of March 31, 2023. We employ 5,104 staff in Corporate Financial Services and Maintenance Leasing, 8,851 staff in Real Estate, 5,943 staff in PE Investment and Concession, 891 staff in Environment and Energy, 2,159 staff in Insurance, 917 staff in Banking and Credit, 314 staff in Aircraft and Ships, 1,248 staff in ORIX USA, 1,621 staff in ORIX Europe, 4,754 staff in Asia and Australia, 2,180 staff as part of our headquarters function as of March 31, 2025. As of March 31, 2025, we had 17,939 temporary employees. Some of our employees are represented by a union. We consider our labor relations to be excellent.

The mandatory retirement age for our employees is 65, but for our subsidiaries and affiliates the retirement age varies. ORIX and major domestic subsidiaries introduced a system for retirement at age 65 from April 2014. By implementing the system alongside the current re-employment system at retirement age, the system will allow employees to choose how they will work from age 60 according to their lifestyles. In April 2010, ORIX introduced an early voluntary retirement program that is available to ORIX employees who are at least 45 years old. Employees who take advantage of this program receive their accrued retirement package plus an incentive premium.

ORIX and some of its subsidiaries have established contributory and noncontributory funded pension plans covering substantially all of their employees. The contributory funded pension plans include defined benefit pension plans and defined contribution pension plans. Under the plans, employees are entitled to lump sum payments at the time of termination of their employment or, if enrollment period requirements have been met, to pension payments. Defined benefit pension plans consist of a cash balance plan and a plan in which the amount of the payments are determined on the basis of length of service and remuneration at the time of termination. Our funding policy in respect of these plans is to contribute annually the amounts actuarially determined to be required. Assets of the plans are invested primarily in interest-bearing securities and marketable equity securities. In July 2004, ORIX introduced a defined contribution pension program. In November 2004, we received permission from the Japanese Ministry of Health, Labor and Welfare to transfer the substitutional portion of benefit obligation from our employer pension fund to the government and these assets were transferred back to the government in March 2005. Total costs (termination or pension plans for both employees and directors and corporate auditors) charged to income for all benefit plans (including defined benefit plans) were ¥10,093 million, ¥10,574 million and ¥9,872 million in fiscal 2023, 2024 and 2025, respectively.

Indicators related to diversity (as of March 31, 2025)

Filing Company and Consolidated Subsidiaries	Percentage of female managers	Percentage of male employees taking childcare leave, etc.	Pay gap between men and women		
			All employees	Of full-time employees	Of fixed-term employees and part-time employees
ORIX Corporation	33.2%	116.0%	63.7%	63.4%	69.2%
ORIX Auto Corporation	19.2%	104.5%	70.5%	69.3%	92.6%
ORIX Rentec Corporation	39.7%	130.0%	68.4%	72.9%	61.4%
ORIX Asset Management & Loan Services Corporation	30.7%	—	70.2%	68.3%	—
ORIX Real Estate Corporation	25.0%	—	69.3%	69.4%	25.1%
ORIX Environmental Resources Management Corporation	7.8%	100.0%	62.6%	69.1%	51.3%
ORIX Life Insurance Corporation	19.9%	71.7%	61.8%	60.9%	59.5%
ORIX Bank Corporation	28.3%	90.9%	68.3%	73.0%	53.6%
ORIX Computer Systems Corporation	21.1%	100.0%	75.4%	75.3%	115.3%
9 Group companies in Japan	28.8%	100.0%	65.3%	65.8%	61.0%

- Notes:
1. The percentage of female managers is calculated based on the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64, 2015). Regarding the percentage of female managers, seconded employees are counted as employees of the home company.
 2. The percentage of male employees taking childcare leave, etc. is calculated based on the provisions of the Act on the Welfare of Workers Engaged in Childcare or Family Care such as Childcare Leave and Family Care Leave (Act No. 76, 1991), the ratio of childcare leave, etc. taken under Article 71-6, Item 2 of the Enforcement Regulations of the Act on the Welfare of Workers Engaged in Childcare or Family Care such as Childcare Leave and Family Care Leave (Ministry of Labor Ordinance No. 25, 1991). Regarding the percentage of male employees taking childcare leave, etc., it includes those who are taking parental leave, and seconded employees are counted as employees of the home company. Employees whose spouses gave birth in prior years may take childcare leave, etc. in the current year, so the take-up rate may exceed 100%. "—" indicates that there are no eligible employees.
 3. The pay gap between men and women shows the ratio of the annual average pay of female employees to the annual average pay of male employees. Regarding the pay gap between men and women, seconded employees are counted as employees of the home company. "—" indicates that there are no eligible employees.

4. The 9 Group Companies in Japan (ORIX Corporation, ORIX Auto Corporation, ORIX Rentec Corporation, ORIX Asset Management & Loan Services Corporation, ORIX Real Estate Corporation, ORIX Environmental Resources Management Corporation, ORIX Life Insurance Corporation, ORIX Bank Corporation and ORIX Computer Systems Corporation) jointly operate as part of the ORIX Group's personnel strategy and personnel systems.

ORIX offers a variety of work styles and occupations to help employees of diverse backgrounds maximize their performance, and by providing opportunities for them, ORIX supports the realization of the career they desire.

In addition, ORIX implements an evaluation and remuneration system that seeks to provide fair pay based on an employee's seniority, role and duties, with adjustments for personnel evaluations. As of March 31, 2025, the pay gap between men and women in general manager positions was 98.4%. The ORIX Group has set an overall increase in the ratio of female managers as an important ESG-related target and is focusing on the promotion of women.

SHARE OWNERSHIP

As of June 24, 2025, the directors and executive officers of the Company directly held an aggregate of 174,058 Shares, representing 0.01% of the total Shares issued as of such date.

COMPENSATION

To promote greater management transparency in our governance, we had established the Executive Nomination and Compensation Committee in June 1999. Its functions included recommending executive remuneration. In June 2003, we adopted a "Company with Committees" board model and replaced the Executive Nominating and Compensation Committee with separate Nominating and Compensation Committees. For discussion of these committees, see "Item 6. Directors, Senior Management and Employees—Nominating Committee" and "—Compensation Committee."

Compensation for directors and executive officers in fiscal 2025 was as follows (in millions of yen);

	Fixed compensation (Number of people)	Performance- linked compensation (Number of people)	Share-based compensation (Number of people)	Total compensation
Non-Executive Director and Outside Director	¥110	—	¥ 26	¥ 137
	(6)	—	(6)	(6)
Executive Officer	¥676	¥653	¥935	¥2,265
	(27)	(27)	(27)	(27)
Total	¥787	¥653	¥962	¥2,403
	(33)	(27)	(33)	(33)

The above list is the amount paid in accordance with the policies for the compensation of directors and Executive Officers resolved by the Compensation Committee held on June 25, 2024.

The amount paid listed in the table above with regard to the share-based compensation is calculated by multiplying the number of points confirmed to be provided as the portion for the fiscal year ended in March 2025 by the stock market price paid by the trust when ORIX's shares were acquired (¥2,248.39 per share).

The targets and results with regard to the KPIs of the performance-linked compensation listed in the table above are as follows:

- Company-wide performance indicator

We targeted the milestone rate with regard to the consolidated net income growth set by the compensation committee towards the achievement of the Company's mid-term strategic directions, and achieved 90%.

- Division performance indicator

We set the performance target for each division based on the company-wide performance target, and achieved 0% to 200% (median:100%) by 27 Executive Officers (based on the total evaluation including qualitative assessment).

Compensation for Makoto Inoue, Member of the Board of Directors, Representative Executive Officer, Chairman and Chief Executive Officer of ORIX, for fiscal 2025 was ¥126 million in fixed compensation, ¥113 million in performance-linked compensation and ¥177 million in share-based compensation.

Compensation for Hidetake Takahashi, Member of the Board of Directors, Representative Executive Officer, President and Chief Operating Officer of ORIX, for fiscal 2025 was ¥50 million in fixed compensation, ¥43 million in performance-linked compensation and ¥71 million in share-based compensation.

Compensation for Satoru Matsuzaki, Member of the Board of Directors, Deputy President Executive Officer of ORIX, for fiscal 2025 was ¥44 million in fixed compensation, ¥52 million in performance-linked compensation and ¥61 million in share-based compensation.

Compensation for Stan Koyanagi, Member of the Board of Directors, Senior Managing Executive Officer of ORIX, for fiscal 2025 was ¥104 million (¥13 million from the Company and ¥91 million from ORIX Corporation USA) in fixed compensation and ¥208 million (¥208 million from ORIX Corporation USA) in performance-linked compensation.

Compensation for Yasuaki Mikami, Member of the Board of Directors, Senior Managing Executive Officer of ORIX, for fiscal 2025 was ¥40 million in fixed compensation, ¥36 million in performance-linked compensation and ¥56 million in share-based compensation.

Compensation for Eiji Arita, Managing Executive Officer of ORIX, for fiscal 2025 was ¥29 million in fixed compensation, ¥31 million in performance-linked compensation and ¥41 million in share-based compensation.

Compensation for Seiichi Miyake, Managing Executive Officer of ORIX, for fiscal 2025 was ¥29 million in fixed compensation, ¥42 million in performance-linked compensation and ¥41 million in share-based compensation.

The actual total amount of the share-based compensation paid in fiscal 2025 was ¥408 million paid to one executive officer who retired during fiscal 2025

The Compensation Committee sets the following "Policy of Determining Compensation of Directors and Executive Officers."

Policy of Determining Compensation of Directors and Executive Officers

ORIX's business objective is to increase shareholder value over the medium- to long-term. ORIX believes in the importance of each director and Executive Officer responsibly performing his or her duties, and cooperation among different business units in order to achieve continued growth of the ORIX Group. The Compensation Committee believes that in order to accomplish such business objectives, directors and Executive Officers should place emphasis not only on performance during the current fiscal year, but also on medium- to long-term results. Accordingly, under the basic policy that compensation should provide effective incentives, ORIX takes such factors into account when making decisions regarding the compensation system and

compensation levels for directors and Executive Officers. Taking this basic policy into consideration, we have established separate policies for the compensation of directors and Executive Officers in accordance with their respective roles based on a decision of the compensation committee held on June 25, 2024.

Compensation Policy for Directors

The compensation policy for directors who are not also Executive Officers aims for compensation composed in a way that is effective in maintaining the supervisory and oversight functions of Executive Officers' performance in business operations, which is the main duty of directors. Specifically, ORIX's compensation structure for directors consists of fixed compensation and share-based compensation*. In addition, the Company strives to maintain a competitive level of compensation with director compensation according to the role fulfilled, and receives third-party research reports on director compensation for this purpose.

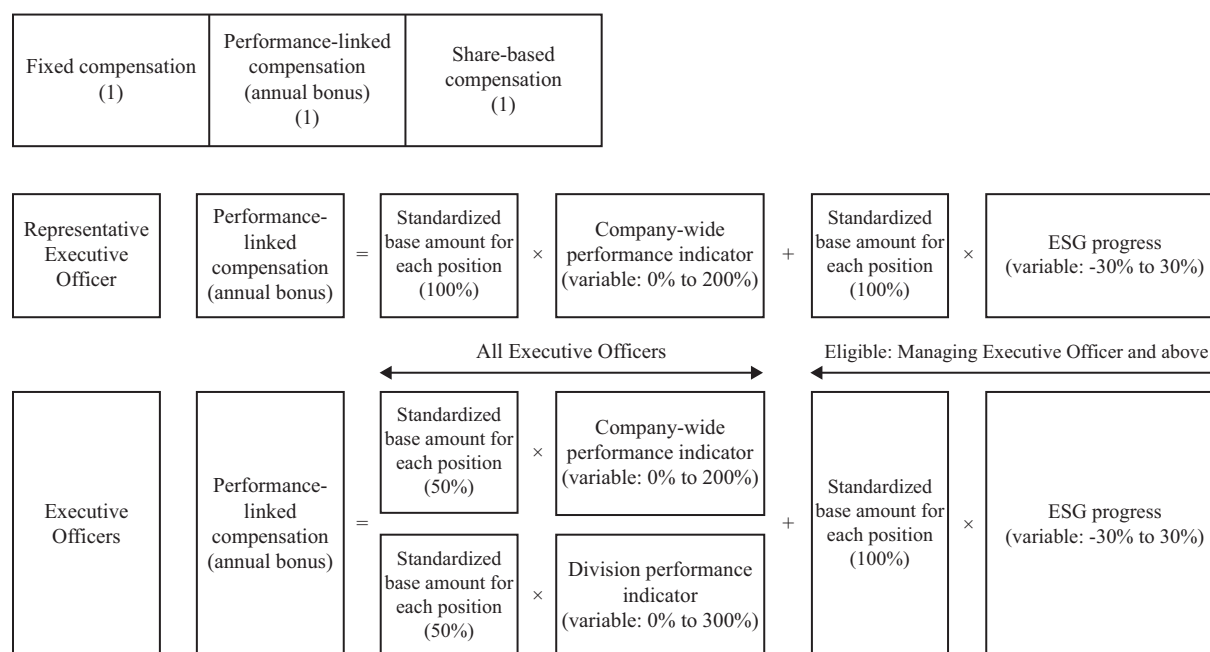
Fixed compensation is, in principle, a certain amount that is added to the compensation of the chairperson and member of each committee. For share-based compensation reflecting medium- to long-term performance, directors are granted a fixed amount of points on an annual basis for their period of service, and they are paid in ORIX shares corresponding to the amount of points they have accumulated at the time of retirement.

Compensation Policy for Executive Officers

The compensation policy for executive officers, including those who are also directors, aims for a level of compensation that is effective in maintaining business operation functions, while also incorporating a component that is linked to current period business performance. Specifically, ORIX's compensation structure for executive officers consists of fixed compensation, performance-linked compensation, and share-based compensation**. In principle, the compensation mix for executive officers is to set the ratio fixed compensation, performance-linked compensation, and share-based compensation to 1:1:1. In addition, based on the outcome of a third-party compensation research agency investigation, the Company strives to maintain a competitive level of compensation with executive officer compensation functioning as an effective incentive.

Fixed compensation is decided for each individual based on a standard amount for each position. Compensation linked to business performance for the fiscal year ended March 2025 uses the level of achievement of the consolidated net income growth target as a company-wide performance indicator, adjusting 50% of the position-based standard amount within the range of 0% to 200% while, at the same time, using the level of achievement of the target of the division for which the relevant executive officer was responsible*** as a division performance indicator, adjusting 50% of the position-based standard amount within the range of 0% to 300%. In the case of Representative Executive Officers, the consolidated net income growth target is used as a sole performance indicator, adjusting the standard amount within the range of 0% to 200%. These performance indicators are selected based on the Company's mid-term strategic directions. In addition to the above, annual bonuses for Executive Officers at the Managing Executive Officer level and above will be increased or decreased by an amount ranging from 0% to 30% of the base amount for each position based on progress toward the ESG-related Key Goals. If progress towards ESG-related Key Goals is proceeding as planned, the annual bonus

will not be adjusted. For share-based compensation reflecting medium- to long-term performance, executive officers are granted a fixed amount of points based on their position, and they are paid in ORIX shares corresponding to the amount of points they have accumulated at the time of retirement.



- * Share-based compensation is the Board Incentive Plan Trust in which directors and Executive Officers are granted a fixed amount of points on an annual basis for their period of service, and at the time of retirement, ORIX's shares are delivered through a trust to them in accordance with the number of points they have accumulated. The amount of points to be granted is determined in accordance with the guidelines adopted by the compensation committee. The compensation committee does not set a minimum ownership period for the shares delivered under the plan. The compensation committee can forfeit the share-based compensation from a recipient director or executive officer, if it finds he/she engaged in serious misconduct that could cause damage to the Company during his/her period of service.
- ** Compensation for executive officers based on foreign branches or executive officers with special expertise is determined based on individual deliberation about foreign local compensation practices/levels or their special expertise, as the case may be.
- *** The level of achievement of each division performance with regard to the performance-based compensation is measured based on a total evaluation focusing on the annual growth rate of each division and taking into account qualitative factors (such as target levels, details of achievement, future growth potential, effort status to ESG, etc.)

Compensation Clawback Policy

The Company has established a Compensation Clawback Policy pursuant to applicable New York Stock Exchange listing standards. This Policy provides for the clawback of performance-linked compensation (annual bonus) received in excess of executive officers' original salaries based on erroneous financial statements in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements.

For the authority, discretion and activity of Compensation Committee, refer to "Item 6. Directors, Senior Management and Employees—Structure and Activities of the Three Committees—Compensation Committee."

The Compensation Committee conducts a comprehensive review, including confirming whether the specific compensation, etc. for individual Directors and Executive Officers is consistent with the compensation policies based on the resolution at the Compensation Committee meeting held on June 25, 2024, determines the compensation after verifying that the level of compensation is appropriate based on third-party research reports on Director compensation and other information, and judges whether the compensation is in line with the compensation policies.

In addition, to further strengthen the sharing of profits with our shareholders and stakeholders, we have established shareholding guidelines for our directors and executive officers to hold certain numbers of our shares in June 2005.

In June 2005, we introduced the share-based compensation, which is a program in which points are annually allocated to directors and executive officers based upon prescribed standards while in office, and the actual number of ORIX's shares calculated based on the number of accumulated points is provided at the time of retirement. In July 2014, we started to provide these shares through a trust established by the Board Incentive Plan Trust. The Company entrusts money to the "Board Incentive Plan Trust", which acquires ORIX's shares from the stock market for directors and executive officers at the end of his or her tenure using money contributed in advance. The total number of points of the share-based compensation granted to directors and executive officers for fiscal 2025 is equivalent to 447,500 points. Under this system, ¥408 million, which is equivalent to 181,490 points accumulated up to the end of tenure, was paid to executive officers who left their positions during fiscal 2025. As a result, the balance to directors and executive officers as of March 31, 2025 was 2,529,995 points.

There are no service contracts between any of our directors or executive officers and the Company or any of its subsidiaries providing for benefits upon termination of employment.

No stock options were granted in any year since 2009. Each unit of the Shares has one vote. We have not issued any preferred shares.

STOCK OPTION PLAN

We have adopted various incentive plans including a stock option plan. The purpose of our stock option plan is to enhance the link between management, corporate performance and stock price, and, in this way, improve our business results. These plans are administered by ORIX's Human Resources Department. For further discussion of stock-based compensation, see Note 19 of "Item 18. Financial Statements."

At the annual general meetings of shareholders in the years from 1997 to 2000 inclusive, our shareholders approved stock option plans under which ORIX purchased shares from the open market and held them for transfer to ORIX's directors and executive officers and some employees upon the exercise of their options. Shareholders also approved a stock subscription rights plan in 2001 and stock acquisition rights plans from 2002 to 2005. From 2006 to 2008, the Compensation Committee approved stock acquisition rights plans for our directors and executive officers, and shareholders approved similar plans for certain ORIX employees, as well as directors, executive officers and certain employees of our subsidiaries and affiliates. From 2009 to 2025, no stock option plans were adopted for our directors, executive officers, employees, or those of our subsidiaries and affiliates.

DISCLOSURE OF A REGISTRANT'S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION

Not applicable.

Item 7. Major Shareholders and Related Party Transactions

MAJOR SHAREHOLDERS

The following table shows our major shareholders registered on our Register of Shareholders as of March 31, 2025.

Each unit of Shares (1 unit = 100 Shares) has one vote, and none of our major shareholders have different voting rights. We do not issue preferred shares.

Name	Number of Shares held (Thousands)	Percentage of Issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	216,027	18.95
Custody Bank of Japan, Ltd. (Trust Account)	95,409	8.37
STATE STREET BANK AND TRUST COMPANY 505001	34,640	3.03
CITIBANK, N.A.-NY, AS DEPOSITARY BANK FOR DEPOSITARY SHARE HOLDERS	25,447	2.23
STATE STREET BANK WEST CLIENT-TREATY 505234	23,537	2.06
SMBC Nikko Securities Inc.	18,997	1.66
JPMorgan Securities Japan Co., Ltd.	15,712	1.37
BNYM AS AGT/CLTS 10 PERCENT	15,590	1.36
JP MORGAN CHASE BANK 385781	15,431	1.35
STATE STREET BANK AND TRUST COMPANY 505103	11,674	1.02

ORIX is not directly or indirectly owned or controlled by any corporations, by any foreign government or by any natural or legal persons severally or jointly. As of March 31, 2025, the percentage of issued Shares held by overseas corporations and individuals was 44.39%. As of March 31, 2025, approximately 25,447,942 ADSs were outstanding (equivalent to 25,447,942 or approximately 2.19% of ORIX's issued Shares as of that date). As of March 31, 2025, all our ADSs were held by one record holder in the United States.

On March 7, 2025, BlackRock Group submitted a filing to the Securities and Exchange Commission indicating that BlackRock Inc., primarily through BlackRock Japan Co., Ltd, held 82,624,264 Shares, representing 7.10% of ORIX's issued Shares, as part of BlackRock Group's assets under management.

RELATED PARTY TRANSACTIONS

To our knowledge, no individual beneficially owns 10% or more of any class of the Shares that might give that individual significant influence over us. In addition, we are not directly or indirectly owned or controlled by, or under common control with, any enterprise.

We may enter into transactions with shareholders or potential large investors in the ordinary course of our business. We may also enter into transactions in the ordinary course of our business with certain key management personnel or with certain companies over which we, or our key management personnel, may have a significant influence. Our business relationships with these companies and individuals cover many of the financial services we provide our clients generally. We believe that we conduct our business with these companies and individuals in the normal course and on terms equivalent to those that would exist if they did not have equity holdings in us, if they were not our key management personnel, or if we or our key management personnel did not have significant influence over them, as the case may be. None of these transactions is or was material to us or, to our knowledge, to the other party.

Other than as outlined below, since the beginning of our last full fiscal year, there have been no transactions or outstanding loans, including guarantees of any kind, and there are none currently proposed, that are material to us, or to our knowledge, to the other party, between us and any (i) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, us; (ii) associates; (iii) individuals owning, directly or indirectly, an interest in the voting power of us that gives them significant influence over us, and close members of any such individual's family; (iv) key management personnel, including directors and senior management of companies and close members of such individuals' families; or (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (iii) or (iv) or over which such a person is able to exercise significant influence.

Balance undrawn from the total amount of commitment to be used in accordance with the terms and conditions of relevant agreements to an equity method investee relating to the development of integrated resort, Osaka IR KK (which changed its name to MGM Osaka Corporation on May 1, 2025), was ¥270,168 million as of March 31, 2025. We will execute the amount of commitment depending on changes in circumstances such as the progress of the development.

Since the beginning of our last full fiscal year, no loans to any of the persons listed in clause (iv) above were made other than those that were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features.

There are no outstanding loans (including guarantees of any kind) made by us or any of our subsidiaries to or for the benefit of any of the persons listed in clauses (i) through (v) above other than those listed in the table below. Certain of our affiliates may fall within the meaning of a related party under clauses (i) or (ii) above. The amount of outstanding loans (including guarantees of any kind) made by us to or for the benefit of all our affiliates, including those which may fall within the meaning of a related party, totaled ¥271,766 million as of March 31, 2025 and did not exceed ¥441,000 million at any time during fiscal 2025.

Each of these loans (including guarantees of any kind) was made in the ordinary course of business. The following table describes, for each related party borrower, the applicable interest rate (or range of interest rates), the largest aggregate amount outstanding during fiscal 2025 and the aggregate amount outstanding as of March 31, 2025.

<u>Related Party</u>	<u>The largest aggregate amount outstanding during fiscal 2025</u>	<u>Aggregate amount outstanding as of March 31, 2025</u>	<u>Interest rate</u>
	(Millions of yen)		(%)
TBJ Holdings, Inc.	¥113,727	¥113,727	2.0
Kansai Airports	12,333	12,000	6.5
NIDC	1,590	1,590	4.0
DIC	1,640	1,351	1.2
Shinko Medical Support Corporation	1,320	1,210	5.0
HIDROELECTRICA DE TACOTAN SA DE CV	1,194	1,194	10.8 – 14.0
HIDROELECTRICA DE TRIGOMIL SA DE CV	986	986	10.8 – 14.0
Timber Parent, LLC	1,028	971	14.0
First Resort Co., Ltd.	790	684	3.5
FSC Topco, LLC	444	414	14.0
Pacific League Marketing Corporation	264	192	1.6
Brazatortas 220 Renovables S.L.	190	190	3.3
Bewen Enerji Anonym Şirketi	54	53	7.8 – 8.7
Beyçelik Elawan Yenilenebilir Enerji Üretimi A.Ş.	224	32	6.2 – 8.7
Escatrón Promotores 400 y 200. S.L.	20	20	3.3
OA Mobility Limited	3	3	0.0
TACOTAN TRIGOMIL SERVICIOS, S.A.	1	1	3.3
ORIX Credit Corporation*	119,024	0	0.5 – 0.9
Dalian Financial & Industrial Investment Group Co., Ltd. ..	6,212	0	4.5
Topia, Inc	3,599	0	17.3
CRESTONE SERVICES GROUP, LLC	348	0	12.3
Innovative Ergonomic Solutions, LLC	245	0	10.0
Junseikai Medical Corporation	230	0	0.5
Kadanaen Corporation	2	0	3.1
Torigin Leasing Co., Ltd.	0	0	6.9

* ORIX Credit Corporation has changed its name to DOCOMO Finance, Inc on April 1, 2025.

In addition to the loans described above, we have guarantees in the aggregate amount of ¥137,148 million.

Item 8. Financial Information

All relevant financial statements are attached hereto. See “Item 18. Financial Statements.”

LEGAL PROCEEDINGS

We are a plaintiff or a defendant in various lawsuits arising in the ordinary course of our business. We aggressively manage our pending litigation and assess appropriate responses to lawsuits in light of a number of factors, including the potential impact of the actions on the conduct of our operations. In the opinion of management, none of the pending legal matters is expected to have a material adverse effect on our financial condition or results of operations. However, there can be no assurance that an adverse decision in one or more of these lawsuits will not have a material adverse effect.

DIVIDEND POLICY AND DIVIDENDS

See “Item 10. Additional Information—Dividend Policy and Dividends.”

SIGNIFICANT CHANGES

None.

Item 9. The Offer and Listing

TOKYO STOCK EXCHANGE

The primary market for the Shares is the Tokyo Stock Exchange. The Shares had been traded on the First Section of the Tokyo Stock Exchange since 1973. Since April 2022, we have transitioned from the First Section to the Prime Market under the restructure of the Tokyo Stock Exchange’s market segments.

NEW YORK STOCK EXCHANGE

The ADS are listed on the New York Stock Exchange under the symbol “IX.”

Effective February 27, 2025, we implemented a change in the ratio of our ADSs to underlying Shares from one ADS representing five underlying Shares to a ratio of one ADS representing one underlying Share. Following this change, on March 31, 2025, approximately 25,447,942 ADSs were outstanding. This is equivalent to 25,447,942 or approximately 2.19% of the total number of Shares issued on that date. On that date, all our ADSs were held by one record holder in the United States.

Item 10. Additional Information

MEMORANDUM AND ARTICLES OF INCORPORATION

Purposes

Our corporate purposes, as provided in Article 2 of our Articles of Incorporation, are to engage in the following businesses: (i) lease, purchase and sale (including purchase and sale on an installment basis), maintenance and management of movable property of all types; (ii) moneylending business, purchase and sale of claims of all types, payment on behalf of third parties, guarantee and assumption of obligations, agent for collection of money and other financial business; (iii) holding, investment in, management, purchase and sale of financial instruments such as securities and other investment business; (iv) advice, brokerage and agency relating to the merger, capital participation, business alliance and business succession and reorganization, etc.; (v) financial instruments and exchange business, financial instruments broker business, banking, trust and insurance business, advisory service business relating to investment in commodities, trust agreement agency business and credit management and collection business; (vi) non-life insurance agency business, insurance agency business under the Automobile Accident Compensation Security Law, and service related to soliciting life insurance; (vii) lease, purchase and sale, ground preparation, development, maintenance and management of real property and warehousing; (viii) contracting for construction, civil engineering, building utility and interior and exterior furnishing, and design and supervision thereof; (ix) management of various facilities for sports, lodging, restaurant, medical treatment, welfare and training and education, and conducting sports, etc.; (x) facility planning, development, maintenance, management and operation of airports, roads, other public facilities and

similar kinds of aforementioned facilities and the assumption or undertaking of public works; (xi) production, processing, sale, purchase, research and development of agricultural products, food products and agriculture-related products and facilities; (xii) waste-disposal business; (xiii) trading of emission rights for greenhouse gases and other various subjects; (xiv) power generation business; (xv) supply of various energy resources and the products in relation thereto; (xvi) planning, developing, contracting for, lease and sale of, intangible property rights; (xvii) information processing and providing services, telecommunications business; (xviii) business of dispatching workers to enterprise and employment agency business; (xix) purchase and sale of antiques; (xx) transport business; (xxi) mining of various minerals, and the manufacture and sale of the products in relation thereto; (xxii) business support and consulting; (xxiii) brokerage, agency, investigation, manufacturing, processing, research and development for business relating to any of the preceding items, and other business; (xxiv) as a result of holding shares in a subsidiary company engaged in those activities, engaging in business relating to any of the preceding items and managing such company's business activities; and (xxv) any and all businesses incidental or related to any of the preceding items.

Directors and Board of Directors, and Committees

There shall be no less than three directors of the Company (Article 16). The term of office of a director is for one (1) year and expires upon conclusion of the annual General Meeting of Shareholders relating to the last fiscal year ending within one year after election of director (Article 18). Resolutions of the Board of Directors are adopted by a majority vote of the directors present at a meeting attended by a majority of the directors who may participate in making resolutions (Article 21).

There is no provision in our Articles of Incorporation as to a director's power to vote on a proposal or arrangement in which the director is materially interested, but, under the Companies Act or Regulations of the Board of Directors, the director must refrain from voting on such matters at meetings of the board of directors. Under the Companies Act, the board of directors may, by resolution, delegate to the executive officers its authority to make decisions with regard to certain important matters, including the incurrence by ORIX of a significant amount of loan, prescribed by law.

We are required to maintain a Nominating Committee, an Audit Committee and a Compensation Committee (Article 10). The Compensation Committee sets the specific compensation for each individual director and executive officer based on the policy for determining compensation for directors and executive officers (see Item 6). No member of the Compensation Committee may vote on a resolution with respect to his or her own compensation as a director.

Neither the Companies Act nor our Articles of Incorporation includes special provisions as to the retirement age of directors, or a requirement to hold any shares of capital stock of ORIX to qualify him or her as a director of ORIX.

Stock

Our authorized share capital is 2,590,000,000 shares. Currently our Articles of Incorporation provide only for the issuance of shares of common stock. All shares of capital stock of us have no par value. All issued shares are fully-paid and non-assessable.

Unless shareholders' approval is required as described in "Voting Rights," the shares will be issued under a resolution approved by the board of directors and a decision made by the executive officer under delegation by the board of directors.

For changes in the number of shares issued for the past three fiscal years, see Note 21 of "Item 18. Financial Statements."

Under the Act on Book-Entry Transfer of Corporate Bonds, Shares, Etc. of Japan and regulations thereunder, or the Book-Entry Law, in Japan, every share which is listed on any of the stock exchanges in Japan shall be transferred and settled only by the central clearing system provided by Japan Securities Depository Center, Inc. (“JASDEC”) and all Japanese companies listed on any Japanese stock exchange no longer issue share certificates. Shareholders of listed shares must have accounts at account management institutions to hold their shares unless such shareholder has an account at JASDEC, and any transfer of shares is effected through book entry, and title to the shares passes to the transferee at the time when the transferred number of the shares is recorded in the transferee’s account at an account managing institution under the Book-Entry Law. The holder of an account at an account managing institution is presumed to be the legal owner of the shares recorded in such account. Under the Companies Act and the Book-Entry Law, in order to assert shareholders’ rights against us, the transferee must have his or her name and address registered on our Register of Shareholders, except in limited circumstances. Foreign shareholders may file specimen signatures in lieu of seals. Nonresident shareholders are required to appoint a standing proxy in Japan or designate a mailing address in Japan. The registration of transfer and the application for reduced withholding tax on dividends can usually be handled by a standing proxy. See “Taxation—Japanese Taxation.” Japanese securities companies and commercial banks customarily will act as standing proxies and provide related services for standard fees.

Our transfer agent is Mitsubishi UFJ Trust and Banking Corporation, located at 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan.

In general, there are no limitations on the right to own shares of our common stock, including the rights of nonresidents or foreign shareholders to hold or exercise voting rights on the securities imposed under Japanese law or by our Articles of Incorporation.

Settlement of transactions for shares listed on any of the stock exchanges in Japan will normally be effected on the third trading day from and including the transaction date. Settlement in Japan shall be made through JASDEC as described above.

Distributions of Surplus

Ordinary Dividends and Interim Dividends may be distributed by us in cash to shareholders or pledgees of record as of March 31 (in the case of Ordinary Dividends) or September 30 (in the case of Interim Dividends) of each year in proportion to the number of shares held by each shareholder or registered pledgee, as the case may be.

We may make distributions of surplus to the shareholders any number of times per fiscal year, subject to certain limitations as described below. Under our Articles of Incorporation, distributions of cash dividends need to be declared by a resolution of the board of directors. Distributions of surplus may be made in cash or in kind in proportion to the number of shares held by respective shareholders. A resolution of the board of directors authorizing a distribution of surplus must specify the kind and aggregate book value of the assets to be distributed, the manner of allocation of such assets to shareholders, and the effective date of the distribution. If a distribution of surplus is to be made in kind, we may, pursuant to a resolution of a general meeting of shareholders or the board of directors, as the case may be, grant a right to the shareholders to require us to make such distribution in cash instead of in kind. If no such right is granted to shareholders, the relevant distribution of surplus must be approved by a special resolution of a general meeting of shareholders.

Under our Articles of Incorporation, if Ordinary Dividends are distributed for common shares, we treat the shareholders or share pledgees registered or recorded on the Register of Shareholders as of March 31 of each year as the people having rights to receive such dividends. In case of the distribution of Interim Dividends, we distribute these to the shareholders or share pledgees registered or recorded on the Register of Shareholders as of September 30 each year. Dividends or other distributable assets shall not incur interest thereon. If the relevant distributed assets are not received within a full three years from the date on which the distribution of relevant distributed assets became effective, we may be released from its obligation to distribute such assets.

Under the Companies Act, when we make distributions of surplus, if the sum of our capital reserve (*shihonjunbikin*) and earned surplus reserve (*riekijunbikin*) is less than one-quarter of our stated capital, we must, until such sum reaches one-quarter of the stated capital, set aside in our capital reserve and/or earned surplus reserve an amount equal to one-tenth of the amount of surplus so distributed as required by ordinances of the Ministry of Justice.

The amount of surplus at any given time must be calculated in accordance with the following formula:

$$A + B + C + D - (E + F + G)$$

In the above formula:

- “A” = the total amount of other capital surplus and other earnings surplus, each such amount being that appearing on our nonconsolidated balance sheet as of the end of the last fiscal year;
- “B” = (if we have disposed of our treasury stock after the end of the last fiscal year) the amount of the consideration for such treasury stock received by us less the book value thereof;
- “C” = (if we have reduced our stated capital after the end of the last fiscal year) the amount of such reduction less the portion thereof that has been transferred to capital reserve or earned surplus reserve (if any);
- “D” = (if we have reduced our capital reserve or earned surplus reserve after the end of the last fiscal year) the amount of such reduction less the portion thereof that has been transferred to stated capital (if any);
- “E” = (if we have cancelled our treasury stock after the end of the last fiscal year) the book value of such treasury stock;
- “F” = (if we have distributed surplus to our shareholders after the end of the last fiscal year) the amount of the assets distributed to shareholders by way of such distribution of surplus;
- “G” = certain other amounts set forth in an ordinance of the Ministry of Justice, including (if we have reduced surplus and increased stated capital, capital reserve or earned surplus reserve after the end of the last fiscal year) the amount of such reduction and (if we have distributed surplus to our shareholders after the end of the last fiscal year) the amount set aside in capital reserve or earned surplus reserve (if any) as required by ordinances of the Ministry of Justice.

Under the Companies Act, the aggregate book value of surplus distributed by us may not exceed a prescribed distributable amount, as calculated on the effective date of such distribution. Our distributable amount at any given time shall be the amount of surplus less the aggregate of: (a) the book value of our treasury stock; (b) the amount of consideration for any of our treasury stock disposed of by us after the end of the last fiscal year; and (c) certain other amounts set forth in an ordinance of the Ministry of Justice, including (if the total of the one-half of goodwill and the deferred assets exceeds the total of stated capital, capital reserve and earned surplus reserve, each such amount being that appearing on our nonconsolidated balance sheet as of the end of the last fiscal year) all or certain part of such exceeding amount as calculated in accordance with the ordinances of the Ministry of Justice. If we have opted to become a company that applies the restriction on distributable amounts on a consolidated basis (*renketsu haito kisei tekiyo kaisha*), we will further deduct from the amount of surplus a certain amount which is calculated based on our nonconsolidated and consolidated balance sheets as of the end of the last fiscal year as provided in ordinances of the Ministry of Justice.

If we have prepared interim financial statements as described below after the end of the last fiscal year, and if such interim financial statements have been approved by our board of directors or (if so required) by a general meeting of our shareholders, then the distributable amount must be adjusted to take into account the amount of profit or loss as set forth in ordinances of the Ministry of Justice, and the amount of consideration for any of our treasury stock disposed of by us, during the period in respect of which such interim financial statements have

been prepared. Under the Companies Act, we are permitted to prepare nonconsolidated interim financial statements consisting of a balance sheet as of any date subsequent to the end of the last fiscal year and an income statement for the period from the first day of the current fiscal year to the date of such balance sheet. Interim financial statements prepared by us must be reviewed by our accounting auditor, as required by an ordinance of the Ministry of Justice.

In Japan, the ex-dividend date and the record date for dividends precede the date of determination of the amount of the dividend to be paid. The price of the shares generally goes ex-dividend on the second business day prior to the record date.

Capital and Reserves

When we issue new shares, the amount of the cash or assets paid or contributed by subscribers for the new shares (with some exceptions) is required to be accounted for as stated capital, although we may account for an amount not exceeding one-half of the cash or assets as capital reserve by resolutions of the board of directors.

We may at any time transfer the whole or any part of our additional paid-in capital and legal retained earnings to stated capital by a resolution of a general meeting of shareholders. The whole or any part of surplus which may be distributed as Ordinary Dividends or Interim Dividends may also be transferred to stated capital by a resolution of a general meeting of shareholders. We may, by a resolution of a general meeting of shareholders (in the case of the reduction of stated capital, a special resolution of a general meeting of shareholders, see “Voting Rights”) reduce stated capital, additional paid-in capital and/or legal retained earnings.

Stock Splits

We may at any time split the shares into a greater number of shares by resolution of the board of directors. When the board of directors resolves on the split of shares, it may also amend the Articles of Incorporation to increase the number of authorized shares to be issued in proportion to the relevant stock split. We must give public notice of the stock split, specifying the record date therefore, not less than two weeks prior to such record date.

On October 26, 2012, the board of directors adopted a resolution on a ten-for-one stock split, effective as of April 1, 2013. The record date for the stock was one day prior to the effective date of the stock split. Our Articles of Incorporation were amended to increase the authorized share capital to cover the number of shares increased by the stock split, which amendment became effective simultaneously with the effectiveness of the stock split.

Unit Share System

Our Articles of Incorporation provides that one hundred shares constitute one “unit” of shares. The number of shares constituting a unit may be altered by amending our Articles of Incorporation. The number of shares constituting a unit is not permitted to exceed 1,000 shares.

A shareholder may not exercise shareholders’ rights in relation to any shares that it holds that are less than one unit other than the rights set forth below under the Companies Act and the Articles of Incorporation.

- (i) The right to receive the distribution of money, etc., when the Company distributes the money, etc. in exchange for acquiring one class of shares subject to terms under which the Company shall acquire all of such class shares;
- (ii) The right to receive the distribution of money, etc., in exchange for acquisition of shares subject to terms under which the Company shall acquire such shares;

- (iii) The right to receive allocation of shares when the Company allocates its shares without having a shareholder make new payment;
- (iv) The right to demand that the Company purchase shares that are less than one Unit held by the shareholder;
- (v) The right to receive distribution of remaining assets;
- (vi) The right to demand review of the Articles of Incorporation and the Register of Shareholders and delivery of their copies or a document describing registered matters, etc.;
- (vii) The right to demand registration or recordation of matters to be registered or recorded on the Register of Shareholders when the shareholder acquired the shares;
- (viii) The right to receive the distribution of money, etc. pursuant to reverse stock split, stock split, allocation of stock acquisition right for free (which means that the Company allocates its stock acquisition right without having a shareholder make new payment), distribution of dividends from retained earnings or change of corporate organization;
- (ix) The right to receive the distribution of money, etc. to be distributed pursuant to merger, share exchange or share-transfer effected by the Company;
- (x) The right to subscribe to Offering Shares and Offering Stock Acquisition Rights on a pro rata basis based upon the number of shares held by the shareholder; and
- (xi) The right to demand that the Company sell to the shareholder the number of additional shares necessary to make the number of shares of less than one Unit held by the shareholder, equal to one Unit.

Under the book-entry transfer system operated by JASDEC, shares constituting less than one unit are generally transferable. Under the rules of the Japanese stock exchanges, however, shares constituting less than one unit do not comprise a trading unit, except in limited circumstances, and accordingly may not be sold on the Japanese stock exchanges.

A holder of shares constituting less than one unit may require us to purchase such shares at their market value in accordance with the provisions of our Share Handling Regulations. In addition, our Articles of Incorporation provide that a holder of shares constituting less than one unit may request us to sell to such holder such amount of shares which will, when added together with the shares constituting less than one unit held by such holder, constitute one unit of shares, in accordance with the provisions of the Share Handling Regulations.

General Meetings of Shareholders

The ordinary general meeting of our shareholders is usually held in Tokyo in June of each year. In addition, we may hold an extraordinary general meeting of shareholders whenever necessary. Notice of a general meeting of shareholders must be dispatched to each shareholder (or, in the case of a nonresident shareholder, to its resident proxy or mailing address in Japan) having voting rights at least two weeks prior to the date of such meeting. The notice of a general meeting of shareholders states that the Company will provide information constituting reference documents for the general meeting of shareholders in electronic format and notes the URL of the website used to provide such information, as well as the place, time and purpose thereof. Reference documents for a general meeting of shareholders must be posted on the website from the earlier of the date three weeks prior to the date set for the meeting or the date on which the notice of the meeting is dispatched, until the date on which three months have elapsed from the meeting. Shareholders are generally entitled to request the delivery of paper-based documents by the record date of voting rights. The record date for an ordinary general meeting of shareholders is March 31 of each year. General meetings of shareholders can be called by a director pursuant to a resolution of the board of directors.

Any shareholder or group of shareholders with at least 3.0% of the total number of voting rights for a period of six months or longer may require the convocation of a general meeting of shareholders for a particular purpose by showing such a purpose and reason for convocation to one of our directors. Unless such shareholders' meeting is convened promptly or a convocation notice of a meeting which is to be held not later than eight weeks from the day of such demand is dispatched, the requiring shareholder may, upon obtaining a court approval, convene such shareholders' meeting.

Any shareholder or group of shareholders holding at least 300 voting rights or 1.0% of the total number of voting rights for six months or longer may propose a matter to be considered at a general meeting of shareholders by submitting a written request to one of our directors at least eight weeks prior to the date of such meeting.

Under the Companies Act, any of minimum percentages, time periods and number of voting rights necessary for exercising the minority shareholder rights described above may be decreased or shortened if the articles of incorporation of a joint stock corporation so provide.

Voting Rights

A holder of shares constituting one or more units is entitled to one vote for each unit. However, we do not have voting rights with respect to our own shares and if we directly or indirectly own 25% or more of voting rights of a corporate or other entity which is a shareholder, such corporate shareholder cannot exercise its voting rights. Except as otherwise provided by law or in our Articles of Incorporation, a resolution can be adopted at a general meeting of shareholders by a majority of the number of voting rights represented at the meeting. The quorum for election or removal of directors is one-third of the total number of voting rights. Our shareholders are not entitled to cumulative voting in the election or removal of directors. Our shareholders may exercise their voting rights through proxies, provided that the proxies are also shareholders having voting rights.

Under the Companies Act and our Articles of Incorporation, any amendment to our Articles of Incorporation (except for certain amendments, see "Stock Splits") and certain other instances require approval by a "special resolution" of shareholders, where the quorum is one-third of the total number of voting rights and the approval by at least two-thirds of the number of voting rights represented at the meeting is required. Other instances requiring such a "special resolution" include (i) the reduction of its stated capital, (ii) the dissolution, liquidation, merger or consolidation, merger and corporate split or (iii) the formation of a parent company by way of share exchange or share transfer, (iv) the transfer of the whole or a substantial part of its business, (v) the acquisition of the whole business of another company, (vi) the issue to persons other than the shareholders of new shares at a "specially favorable" price or the issue or transfer to persons other than the shareholders of stock acquisition rights (including those incorporated in bonds with stock acquisition rights) under "specially favorable" conditions, (vii) consolidation of shares and (viii) acquisition of its own shares from a specific party other than its subsidiaries.

Subscription Right

Holders of the shares have no pre-emptive rights. The board of directors may, however, determine that shareholders be given subscription rights to new shares, in which case such rights must be given on uniform terms to all shareholders as of a record date of which not less than two weeks' prior public notice must be given. The issue price of such new shares must be paid in full.

Stock Acquisition Rights

We may issue stock acquisition rights (*shinkabu yoyakuken*) and bonds with stock acquisition rights (*shinkabu yoyakuken-tsuki shasai*). Except where the issue would be on "specially favorable" conditions, the issue of stock acquisition rights or bonds with stock acquisition rights may be authorized by a resolution of the board of directors. Upon exercise of the stock acquisition rights, the holder of such rights may acquire shares by

way of payment of the applicable exercise price or, if so determined by a resolution of the board of directors, by way of substitute payments in lieu of redemption of the bonds. If our Articles of Incorporation prohibit us from delivering shares, it will pay a cash payment equal to the market value of the shares.

Liquidation Rights

In the event of our liquidation, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed among shareholders in proportion to the respective number of shares which they hold.

Reports to Shareholders

We currently furnish to our shareholders notices of shareholders' meetings, annual business reports, including financial statements, and notices of resolutions adopted at the shareholders' meetings, all of which are in Japanese. Public notice shall be electronic public notice, provided, however, that if the Company is unable to give an electronic public notice due to an accident or any other unavoidable reason, public notices of the Company shall be given in the "Nihon Keizai Shinbun."

Record Date of Register of Shareholders

As stated above, March 31 is the record date for the payment of Ordinary Dividends and the determination of shareholders entitled to vote at the ordinary general meeting of shareholders. In addition, we may set a record date for determining the shareholders entitled to other rights and for other purposes by giving at least two weeks' prior public notice. Under the Book-Entry Law, JASDEC is required to give us a notice of the names and addresses of the shareholders, the number of shares held by them and other relevant information as of each such record date, and the register of our shareholders shall be updated accordingly.

Repurchase of Own Shares

We may acquire our shares, including shares of our common stock: (i) by way of purchase on any Japanese stock exchange or by way of tender offer (pursuant to a resolution of the board of directors); (ii) from a specific shareholder other than any of our subsidiaries (pursuant to a special resolution of a general meeting of shareholders); or (iii) from any of our subsidiaries (pursuant to a resolution of the board of directors).

In the case of (ii) above, any other shareholder of such class may make a request to a director, at least five days prior to the relevant shareholders' meeting, to include such shareholder as a seller in the proposed purchase. However, no such right will be available if the relevant class of shares is listed on any Japanese stock exchange and the purchase price or any other consideration to be received by the relevant specific shareholder does not exceed the then market price of the shares calculated in a manner set forth in ordinances of the Ministry of Justice.

Any such acquisition of our shares must satisfy certain requirements that the total amount of the purchase price may not exceed the distributable amount, as described in "—Distributions of Surplus." We may hold our shares acquired in compliance with the provisions of the Companies Act, and may generally cancel such shares by a resolution of the board of directors, although the disposal of such shares is subject to the same proceedings for the issuance of new shares, in general.

Stock Options

Under the Companies Act, a stock option plan is available by issuing stock acquisition rights.

Generally, a stock option plan may be adopted by a resolution of the board directors. However, if the conditions of such stock acquisition rights are "specially favorable," a special resolution at a general meeting of shareholders is required. The special resolution must set forth the class and number of shares to be issued or transferred on exercise of the options, the exercise price, the exercise period and other terms of the options.

MATERIAL CONTRACTS

Not applicable.

FOREIGN EXCHANGE AND OTHER REGULATIONS

Foreign Exchange

The Foreign Exchange and Foreign Trade Law of Japan, as amended, and the cabinet orders and ministerial ordinances thereunder (the “Foreign Exchange Regulations”) govern the acquisition and holding of shares of capital stock of ORIX by “exchange nonresidents” and by “foreign investors” (as defined below). The Foreign Exchange Regulations currently in effect do not, however, regulate transactions between exchange nonresidents who purchase or sell shares outside Japan for non-Japanese currencies.

“Exchange nonresidents” are defined as individuals who are not resident in Japan and corporations whose principal offices are located outside Japan. Generally, the branch and other offices of nonresident corporations located within Japan are regarded as residents of Japan and branch and other offices of Japanese corporations located outside Japan are regarded as exchange nonresidents. “Foreign investors” are defined to be (i) individuals who are exchange nonresidents, (ii) corporations or other organizations that are established under the laws of foreign countries or whose principal offices are located outside Japan, (iii) corporations of which 50% or more of their voting rights are held, directly or indirectly, by (i) and/or (ii) above, (iv) partnerships or similar organizations of which 50% or more of total capital contributions are attributable to nonresident, or a majority of general partners are exchange nonresidents, and (v) corporations or other organizations of which a majority of the officers (or officers having the power of representation) are nonresident individuals.

In general, the acquisition of a Japanese company’s stock shares (such as the shares of capital stock of ORIX) by an exchange nonresident from a resident of Japan is not subject to any prior filing requirements. In certain limited circumstances, however, prior notification or report to the Minister of Finance and any other competent Ministers for an acquisition of this type may be required. In the case where a resident of Japan transfers shares of a Japanese company (such as the shares of capital stock of ORIX) for consideration exceeding ¥100 million to an exchange nonresident, the resident of Japan who transfers the shares is required to report the transfer to the Minister of Finance within 20 days from the date of the transfer, unless the transfer was made through a bank, securities company or financial future trader licensed under the Japanese laws.

If a foreign investor acquires shares of a Japanese company listed on a Japanese stock exchange (such as the shares of capital stock of ORIX) or that are traded on an over-the-counter market in Japan and as a result of the acquisition the foreign investor in combination with any existing holdings directly or indirectly holds 1% or more of the issued shares or voting rights of the relevant company, holds a certain percentage or more of the shares of such a company and consents to matters that could have a significant effect on the management of the business of the company, or acquires or succeeds to the business of a Japanese corporation by a business transfer, corporate split, or merger, the foreign investor is, in general, required to report such acquisition to the Minister of Finance and any other competent Ministers within 45 days following the date of such acquisition. In the case of certain designated types of business affecting Japan’s national security, etc., prior notification is required with respect to such an acquisition or other relevant actions. However, in certain cases it may be possible for a foreign investor to be exempted from the prior notification obligation for an acquisition.

The acquisition of shares by exchange nonresidents by way of stock split is not subject to the foregoing notification requirements.

Under the Foreign Exchange Regulations, dividends paid on, and the proceeds of sales in Japan of, shares held by nonresidents of Japan may in general be converted into any foreign currency and repatriated abroad.

Large Shareholdings Report

The Financial Instruments and Exchange Act requires any person who has become, beneficially and solely or jointly, a holder of more than 5% of the total issued shares of capital stock of a company listed on any Japanese financial instruments exchange (such as the shares of capital stock of ORIX) or whose shares are traded on the over-the-counter markets in Japan, to file with the Prime Minister within five business days a report concerning such shareholdings. An alteration report must also be made in respect of any subsequent change of 1% or more in any such holding or any change in material matters set out in reports previously filed, with certain exceptions. For this purpose, shares issuable to such person upon exchange of exchangeable securities or exercise of stock acquisition rights are taken into account in determining both the size of such person's holding and the issuer's total issued share capital.

Filing of Share Acquisition Plan

The Act on Prohibition of Private Monopolization and Maintenance of Fair Trade requires any company (including a foreign company) which crosses certain domestic sales thresholds and newly acquires a holder of more than 20% or 50% of the total issued voting shares of capital stock (such as the shares of capital stock of ORIX) or the shares of a company (including a foreign company) which meets certain conditions, to file a share acquisition plan concerning such shares with the Fair Trade Commission at least 30 days prior to the closing or the acquisition.

DIVIDEND POLICY AND DIVIDENDS

The following table shows the amount of dividends applicable to fiscal year per share for each of the fiscal years indicated, which amounts are translated into dollars per ADS at the noon buying rate for Japanese yen in New York City for cable transfers in foreign currencies on the relevant dividend payment date as published by the Federal Reserve Bank.

Year ended	Dividends applicable to fiscal year per Share	Translated into dollar per ADS*
March 31, 2021	78.00	3.65
March 31, 2022	85.60	3.50
March 31, 2023	85.60	3.10
March 31, 2024	98.60	3.29
March 31, 2025	120.01	0.82

* Effective February 27, 2025, we implemented a change in the ratio of our ADSs to underlying Shares from one ADS representing five underlying Shares to a ratio of one ADS representing one underlying Share.

ORIX aims to increase shareholder value by utilizing profits earned from business activities to strengthen its business foundation and make investments for future growth. At the same time, ORIX strives to make stable and sustainable distribution of dividends at a level in line with its business performance. In addition, with regards to the decision of whether to buy back shares, ORIX aims to act with flexibility and swiftness while considering various factors such as the soundness of its financial condition and external factors such as the business environment, share price and its trend and target performance indicators.

Based on this fundamental policy, the annual dividend for fiscal 2025 has been decided at 120.01 yen per share (the interim dividend paid was 62.17 yen per share and the year-end dividend has been decided at 57.84 yen per share). The payout ratio for the fiscal year ended March 31, 2025 was 39.0%.

For fiscal 2026, the annual dividend is forecasted at the higher of either payout ratio of 39% or 120.01 yen per share, which was the total dividend payment in fiscal 2025.

Pursuant to the amendment to the Act on Special Measures Concerning Taxation, dividends paid to U.S. Holders of Shares or ADSs are generally subject to a Japanese withholding tax. The tax rate can be found in "Item 10. TAXATION—JAPANESE TAXATION—Shares."

TAXATION

JAPANESE TAXATION

The following is a summary of the principal Japanese tax consequences for owners of the Shares or ADSs who are nonresident individuals of Japan or non-Japanese corporations without a permanent establishment in Japan (“nonresident Holders”). The statements regarding Japanese tax laws set forth below are based on the laws in force and as interpreted by the Japanese taxation authorities as of the date hereof and are subject to changes in the applicable Japanese laws or conventions for the avoidance of double taxation occurring after that date. This summary is not exhaustive of all possible tax considerations that may apply to a particular investor and potential investors are advised to consult with their own tax advisors to satisfy themselves as to:

- the overall tax consequences of the acquisition, ownership and disposition of Shares or ADSs, including specifically the tax consequences under Japanese law;
- the laws of the jurisdiction of which they are resident; and
- any tax treaty between Japan and their country of residence.

Shares

Generally, a nonresident Holder is subject to Japanese withholding tax on dividends on Shares or ADSs paid by us. Stock splits are not subject to Japanese income or corporation tax.

Pursuant to the Act on Special Measures Concerning Taxation and the Act on Special Measures Concerning the Securing of Financial Resources for Reconstruction Measures Involving the Great East Japan Earthquake, the Japanese withholding tax rate applicable to dividends on Shares or ADSs paid to nonresident Holders by us is 15.315%. However, where an individual nonresident Holder holds 3% or more of the total number of shares issued by us, the withholding tax rate applicable will be 20.42% for dividends. Japan has entered into income tax treaties, conventions and agreements where this withholding tax rate is, in some cases, reduced to a lower percentage for portfolio investors. Nonresident Holders who are entitled under an applicable treaty, convention, or agreement to this reduced Japanese withholding tax rate are required to submit an Application Form for the Income Tax Convention regarding Relief from Japanese Income Tax on Dividends in advance through us to the relevant Japanese tax authority before the payment of dividends. A standing proxy for a nonresident Holder may provide such application service. Nonresident Holders who do not submit an application in advance will be entitled to claim the refund from the relevant Japanese tax authority of those withholding taxes withheld in excess of the rate of an applicable tax treaty.

The Convention between the United States and Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the “Tax Convention”) provides for a maximum rate of Japanese withholding tax which may be imposed on dividends paid to an eligible United States resident not having a permanent establishment in Japan. Under the Tax Convention, the maximum withholding rate is generally limited to 10% of the relevant dividends.

Gains derived from the sale outside Japan of Shares or ADSs by a nonresident Holder, are, in general, not subject to Japanese income or corporation taxes.

Japanese inheritance and gift taxes, at progressive rates, may be payable by an individual who has acquired Shares or ADSs as a legatee, heir or donee.

UNITED STATES TAXATION

The following discussion describes the material U.S. federal income tax consequences of ownership and disposition of Shares or ADSs held as capital assets by U.S. Holders (as defined below).

This discussion does not describe all of the tax consequences that may be relevant to a U.S. Holder in light of the U.S. Holder's particular circumstances (including the application of the provisions of the Code (as described below) known as the Medicare contribution tax) or to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- dealers and traders in securities who use a mark-to-market method of tax accounting;
- persons holding Shares or ADSs as part of a hedging transaction, straddle, wash sale, conversion transaction or other integrated transaction or persons entering into a constructive sale with respect to the Shares or ADSs ;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes;
- persons subject to the alternative minimum tax;
- tax-exempt entities, including "individual retirement accounts" and "Roth IRAs";
- regulated investment companies;
- persons that own or are deemed to own 10% or more of the stock of the Company, by vote or value;
- persons holding the shares or ADSs in connection with a trade or business carried on outside the United States; or
- persons who acquired Shares or ADSs pursuant to the exercise of any employee stock option or otherwise as compensation.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding Shares or ADSs and partners in such partnerships should consult their tax advisors as to the particular U.S. federal income tax consequences of holding and disposing of Shares or ADSs.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the Tax Convention, changes to any of which subsequent to the date of this annual report may affect the tax consequences described herein. It is also based in part on representations by the depository and assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms.

As used herein, the term "U.S. Holder" means a beneficial owner of Shares or ADSs that is eligible for Tax Convention benefits and that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Treasury regulations that apply to taxable years beginning on or after December 28, 2021 may in some circumstances prohibit a U.S. person from claiming a foreign tax credit with respect to certain non-U.S. taxes that are not creditable under applicable income tax treaties. For example, these Treasury regulations provide that, in the absence of an election to apply the benefits of an applicable income tax treaty, in order for foreign income taxes to be creditable the relevant foreign income tax rules must be consistent with certain U.S. federal income tax principles, and we have not determined whether the Japanese income tax system meets these requirements.

However, the U.S. Internal Revenue Service (the “IRS”) has released notices that provide relief from certain of the provisions of the Treasury regulations described above for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). Accordingly, U.S. Holders that are not eligible for Tax Convention benefits should consult their tax advisers regarding the creditability or deductibility of any Japanese taxes imposed on dividends on, or dispositions of, the Shares or ADSs. This discussion does not apply to investors in this special situation.

We believe we may have been a PFIC for the year to which this annual report relates. However, because of uncertainties in the application of the PFIC rules, including uncertainties as to the valuation and proper characterization of certain of our assets as passive or active, our PFIC status is uncertain. In addition, we may be a PFIC in the foreseeable future.

Persons considering the purchase of Shares or ADSs should consult their tax advisers with regard to the PFIC rules described below as well as the application of other U.S. federal income tax laws relevant to their particular situations and any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

In general, a U.S. Holder of ADSs will be treated as the owner of the underlying shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if the U.S. Holder exchanges ADSs for the underlying shares represented by those ADSs.

Taxation of Distributions

Subject to the PFIC rules described below, distributions paid on Shares or ADSs, other than certain pro rata distributions of common shares, will generally be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Assuming that we are a PFIC, dividends paid by us will not be eligible for the preferential dividend tax rate otherwise available to certain non-corporate U.S. Holders. The amount of a dividend will include any amounts withheld by us or our paying agent in respect of Japanese taxes, as discussed above under “Taxation—Japanese Taxation—Shares”. The amount of the dividend will be treated as foreign source dividend income to U.S. Holders and will not be eligible for the dividends received deduction generally allowed to U.S. corporations under the Code.

Dividends paid in yen will be included in the income of a U.S. Holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date of the U.S. Holder’s (or, in the case of ADSs, the depositary’s) receipt of the dividend, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize a foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have a foreign currency gain or loss if such holder does not convert the amount of such dividend into U.S. dollars on the date of its receipt. Any foreign currency gain or loss resulting from the conversion of the yen will generally be treated as U.S. source ordinary income or loss.

Subject to the PFIC rules described below and to applicable limitations that may vary depending upon the U.S. Holder’s circumstances, Japanese taxes withheld from dividends on Shares or ADSs at a rate not exceeding the applicable rate provided for by the Tax Convention will be creditable against the U.S. Holder’s U.S. federal income tax liability. The maximum rate of withholding tax on dividends paid to a U.S. Holder pursuant to the Tax Convention is 10%. As discussed under “Taxation—Japanese Taxation—Shares” above, under current Japanese law, the statutory rate is higher than the maximum Tax Convention rate. Japanese taxes withheld in excess of the rate applicable under the Tax Convention will not be eligible for credit against a U.S. Holder’s federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their own tax advisers regarding the availability of foreign tax credits in their particular circumstances. Instead of claiming a credit, U.S. Holders may, upon election, deduct such otherwise creditable Japanese taxes in computing taxable income, subject to generally applicable limitations under U.S. law.

Sale or Other Taxable Disposition of Shares or ADSs

Subject to the PFIC rules described below, for U.S. federal income tax purposes, gain or loss realized on the sale or other disposition of Shares or ADSs will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the Shares or ADSs for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the Shares or ADSs disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes.

Passive Foreign Investment Company Rules

If we are a PFIC for any year during a U.S. Holder's holding period of the Shares or ADSs, and the U.S. Holder has not made a mark-to-market election for the Shares or ADSs, as described below, the holder will be subject to special rules generally intended to eliminate any benefits from the deferral of U.S. federal income tax that a holder could derive from investing in a foreign corporation that does not distribute all of its earnings on a current basis. Upon a disposition of Shares or ADSs (including under certain circumstances, a pledge, and under proposed Treasury regulations, a disposition pursuant to certain otherwise tax-free reorganizations) gain recognized by a U.S. Holder would be allocated ratably over its holding period for the Shares or ADSs. The amounts allocated to the taxable year of the sale or other exchange and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations for such year, as appropriate, and an interest charge would be imposed on the resulting tax liability. Similar rules would apply to any distribution in respect of Shares or ADSs to the extent it exceeds 125 percent of the average of the annual distributions on Shares or ADSs received during the preceding three years or the U.S. Holder's holding period, whichever is shorter (any such distribution, an "excess distribution"). Any loss realized on a disposition of Shares or ADSs will be capital loss, and will be long-term capital loss if the U.S. Holder held the Shares or ADSs for more than one year. The amount of the loss will equal the difference between the U.S. Holder's tax basis in the Shares or ADSs disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. Such loss will generally be U.S.-source loss for foreign tax credit purposes.

If we are a PFIC for any year during which a U.S. Holder holds Shares or ADSs, we generally will continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder holds Shares or ADSs, even if we cease to meet the threshold requirements for PFIC status. U.S. Holders should consult their tax advisers regarding the potential availability of a "deemed sale" election that would allow them to eliminate this continuing PFIC status.

If we are a PFIC, U.S. Holders will be deemed to own their proportionate shares of our subsidiaries that are PFICs and will be subject to U.S. federal income tax according to the rules described above on (i) certain distributions by subsidiary PFICs and (ii) a disposition of shares of a subsidiary PFIC, even though holders have not received the proceeds of those distributions or dispositions directly.

If the Shares or ADSs are "regularly traded" on a "qualified exchange," a U.S. Holder of Shares or ADSs would be eligible to make a mark-to-market election that would result in tax treatment different from the general tax treatment for PFICs described above. The Shares or ADSs will be treated as "regularly traded" in any calendar year in which more than a *de minimis* quantity of the Shares or ADSs are traded on a qualified exchange for at least 15 days during each calendar quarter. A "qualified exchange" includes the NYSE, on which our ADSs are traded, and a foreign exchange that is regulated by a governmental authority in which the exchange is located and with respect to which certain other requirements are met. The Internal Revenue Service ("IRS") has not yet identified specific foreign exchanges that are "qualified" for this purpose. Under current law, the mark-to-market election may be available to holders of ADSs because the ADSs will be listed on the NYSE, although there can be no assurance that the ADSs will be "regularly traded" for purposes of the mark-to-market election. However, even if a U.S. Holder makes a mark-to-market election with respect to our Shares or ADSs, a U.S. Holder will

not be able to make a mark-to-market election with respect to any of our subsidiaries that are PFICs. U.S. Holders should consult their tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances. In particular, U.S. Holders should consider carefully the impact of a mark-to-market election with respect to their ADSs given that we may have subsidiary PFICs for which a mark-to-market election may not be available.

If a U.S. Holder is eligible and makes the mark-to-market election, the U.S. Holder will include each year, as ordinary income, the excess, if any, of the fair market value of the Shares or ADSs at the end of the taxable year over their adjusted basis, and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted basis of the Shares or ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). If a U.S. Holder validly makes the election, the holder's basis in the Shares or ADSs will be adjusted to reflect any such income or loss amounts. Any gain recognized on the sale or other disposition of Shares or ADSs in a year when the Company is a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election).

We do not intend to comply with the requirements necessary for a U.S. Holder to make a "qualified electing fund" election, which is sometimes available to shareholders of a PFIC.

Special rules apply to determine the foreign tax credit with respect to withholding taxes imposed on excess distributions on shares of a PFIC. These rules could limit the amount of the foreign tax credit that would otherwise have been available.

If a U.S. Holder owns Shares or ADSs during any year in which we are a PFIC, the U.S. Holder will generally be required to file IRS Form 8621 with its federal income tax return with respect to us and with respect to each of our subsidiaries that is a PFIC, subject to certain exceptions.

We urge U.S. Holders to consult their tax advisors concerning our status as a PFIC and the tax considerations relevant to an investment in a PFIC, including the availability and consequences of making the mark-to-market election discussed above.

Backup Withholding and Information Reporting

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is an exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

Certain U.S. Holders who are individuals (and certain entities closely held by individuals) may be required to report information relating to their ownership of an interest in certain foreign financial assets, including stock of a non-U.S. person, generally on IRS Form 8938, subject to exceptions (including an exception for financial assets held through a U.S. financial institution). U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to the Shares or ADSs.

DOCUMENTS ON DISPLAY

We are subject to the reporting requirements of the Exchange Act. In accordance with these requirements, we file annual reports on Form 20-F and furnish periodic reports on Form 6-K with the Commission.

The Commission maintains a website at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission via EDGAR.

We are currently exempt from the rules under the Exchange Act that prescribe the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. We are not required under the Exchange Act to publish financial statements as frequently or as promptly as are U.S. companies subject to the Exchange Act. We will, however, continue to furnish our shareholders with annual reports containing audited financial statements and will issue press releases containing unaudited interim financial information as well as such other reports as may from time to time be authorized by our board of directors or as may be otherwise required.

SUBSIDIARY INFORMATION

Not applicable.

ANNUAL REPORT TO SECURITY HOLDERS

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

MARKET RISKS

Our primary market risk exposures are interest rate risk, exchange rate risk and risk of market prices in stocks. We enter into derivative transactions to hedge interest rate risk and exchange rate risk. Our risk management for market risk exposure and derivative transactions is described under “Item 5. Operating and Financial Review and Prospects—Risk Management.”

The following quantitative information about the market risk of our financial instruments does not include information about financial instruments to which the requirements under ASC 825 (“Financial Instruments”) do not apply, such as net investment in leases, investment in operating leases, and insurance contracts. As a result, the following information does not present all the risks of our financial instruments. We omitted the disclosure of financial instruments for trading purposes because the amount is immaterial.

Interest Rate Risk

Many of our assets and liabilities are composed of floating and fixed rate assets and liabilities. Our floating rate assets and liabilities utilize various rates to determine interest amounts receivable and payable thereunder, including TIBOR, prime rates and U.S. dollar SOFR, etc. Movements in market interest rates affect gains and losses in those assets and liabilities. Accordingly, we endeavor to reduce interest rate risk through techniques such as funding interest rate bearing assets through liabilities with similar interest rate characteristics, e.g., financing floating-rate assets with floating-rate liabilities and financing fixed-rate assets with fixed-rate liabilities.

In order to manage assets and liabilities in an appropriate risk position, we conduct various types of analysis for interest rate sensitivity including gains and losses impact analysis and fair value analysis of assets and liabilities.

The table below of interest rate sensitivity for financial instruments summarizes installment loans, investment in securities (floating and fixed rate) and short-term and long-term debt. These instruments are further classified under fixed or floating rates. For such items, the principal collection and repayment schedules and the weighted average interest rates for collected and repaid portions are disclosed. Concerning interest rate swaps, under derivative instruments, the estimated notional principal amount for each contract period and the weighted average of swap rates are disclosed. The average interest rates of financial instruments as of March 31, 2025 were 4.0% for installment loans, 2.1% for investment in securities (floating and fixed rate), 2.7% for short-term and long-term debt and 0.5% for deposits. As of March 31, 2025, the average payment rate of interest rate swaps was 1.5% and the average receipt rate was 2.2%. The average interest rates of financial instruments as of March 31, 2024 were: 4.2% for installment loans, 2.2% for investment in securities (floating and fixed rate), 2.7% for short-term and long-term debt and 0.2% for deposits. As of March 31, 2024, the average payment rate of interest rate swaps was 1.7% and the average receipt rate was 3.5%. As of March 31, 2025, there was no material change in the balance or in the average interest rate of financial instruments from March 31, 2024. The table below shows our interest rate risk exposure and the results of our interest rate sensitivity analysis.

INTEREST RATE SENSITIVITY NONTRADING FINANCIAL INSTRUMENTS

	Expected Maturity Date							March 31, 2025 Estimated Fair Value
	Years ending March 31,							
	2026	2027	2028	2029	2030	Thereafter	Total	
	(Millions of yen)							
Assets:								
Installment loans (fixed rate)	¥ 222,589	¥111,984	¥ 81,729	¥ 72,203	¥ 56,715	¥ 557,583	¥1,102,803	¥1,076,584
Average interest rate	6.7%	6.8%	8.1%	6.6%	5.2%	3.2%	5.0%	—
Installment loans (floating rate)	¥ 440,376	¥305,309	¥252,407	¥164,021	¥219,739	¥1,574,975	¥2,956,827	¥2,921,998
Average interest rate	5.0%	5.3%	5.6%	4.9%	3.5%	2.5%	3.6%	—
Investment in securities (fixed rate)	¥ 50,143	¥ 67,551	¥ 73,668	¥119,378	¥ 62,002	¥2,544,396	¥2,917,138	¥2,349,843
Average interest rate	0.7%	0.7%	1.4%	1.7%	1.1%	1.7%	1.7%	—
Investment in securities (floating rate)	¥ 512	¥ 2,795	¥ 1,979	¥ 8,911	¥ 12,268	¥ 230,433	¥ 256,898	¥ 257,794
Average interest rate	(7.0%)	5.9%	3.6%	2.5%	5.7%	7.1%	6.8%	—
Liabilities:								
Short-term debt	¥ 549,680	¥ 0	¥ 0	¥ 0	¥ 0	¥ 0	¥ 549,680	¥ 549,680
Average interest rate	3.4%	—	—	—	—	—	3.4%	—
Deposits	¥1,819,970	¥186,367	¥107,639	¥ 41,963	¥217,569	¥ 76,304	¥2,449,812	¥2,448,422
Average interest rate	0.6%	0.3%	0.4%	0.3%	0.8%	0.6%	0.5%	—
Long-term debt (fixed rate) . .	¥ 296,907	¥351,869	¥460,715	¥427,155	¥387,794	¥ 883,609	¥2,808,049	¥2,755,922
Average interest rate	2.0%	2.1%	2.2%	1.5%	2.8%	2.0%	2.1%	—
Long-term debt (floating rate)	¥ 570,860	¥523,191	¥322,372	¥376,111	¥391,972	¥ 740,563	¥2,925,069	¥2,922,906
Average interest rate	3.8%	3.8%	3.4%	2.9%	3.8%	2.1%	3.2%	—

NONTRADING DERIVATIVE FINANCIAL INSTRUMENTS

	Expected Maturity Date						Total	March 31, 2025 Estimated Fair Value
	Years ending March 31,							
	2026	2027	2028	2029	2030	Thereafter		
(Millions of yen)								
Interest rate swaps:								
Notional amount (floating to fixed)	¥92,348	¥116,425	¥43,266	¥97,675	¥28,975	¥299,338	¥678,027	¥15,100
Average pay rate	1.6%	2.4%	2.0%	1.1%	1.3%	1.3%	1.5%	—
Average receive rate	4.3%	3.7%	2.1%	1.3%	1.3%	1.4%	2.2%	—
Notional amount (fixed to floating)	¥ 0	¥ 0	¥ 0	¥ 0	¥ 0	¥ 141	¥ 141	¥ (5)
Average pay rate	—	—	—	—	—	4.4%	4.4%	—
Average receive rate	—	—	—	—	—	3.5%	3.5%	—

The above table excludes purchased loans, which are exposed to interest rate risk, because it is difficult to estimate the timing and extent of collection of such loans. Purchased loans are deteriorated credit loans which we acquire at a discount and for which full collection of all contractually required payments from the debtors is unlikely. The total book value of our purchased loans as of March 31, 2025 was ¥21,389 million.

Long-term debt (fixed rate) in the table above includes the amount of ¥44,000 million of subordinated syndicated loan (hybrid loan). Out of this amount, ¥10,000 million was executed in fiscal 2022, and will mature in fiscal 2082 and may be redeemed after 5 years from the execution. ¥34,000 million was executed in fiscal 2023, and will mature in fiscal 2083 and may be redeemed after 5 years from the execution.

In addition, long-term debt (fixed rate) in the table above includes the amount of ¥150,000 million of unsecured subordinated bonds with interest payment deferrable clauses and optional early redemption conditions (hybrid bonds). Out of this amount, ¥40,000 million was executed in fiscal 2020, and will mature in fiscal 2080, with optional early redemption possible on or after March 2030. ¥50,000 million was executed in fiscal 2021, and will mature in fiscal 2081, with optional early redemption of ¥29,000 million possible on or after March 2026, and ¥21,000 million possible on or after March 2031. Additionally, ¥60,000 million was executed in fiscal 2025, and will mature in fiscal 2060, with optional early redemption possible on or after March 2030.

We are also exposed to interest rate risks in our life insurance businesses because revenues from life insurance related investment income fluctuate based on changes in market interest rates, while life insurance premiums and costs do not.

Exchange Rate Risk

We hold foreign currency-denominated assets and liabilities and deal in foreign currencies. It is our policy to match balances of foreign currency-denominated assets and liabilities as a means of hedging exchange rate risk. There are, however, cases where a certain part of our foreign currency-denominated investments are not hedged for such risk.

We have identified all positions that are subject to exchange rate risk, including retained earnings accumulated in foreign currencies in our overseas subsidiaries, which is translated to Japanese yen upon consolidation. ORIX shareholders' equity is subject to exchange rate risk arising from such translations. Other positions, such as potential losses in future earnings, are calculated using several hypothetical scenarios based on 10% changes in the relevant currencies. Based on these scenarios, exchange losses in future earnings were estimated to be ¥225 million and ¥928 million as of March 31, 2024 and 2025, respectively. The largest of such losses were estimated in scenarios where the U.S. dollar appreciated 10% against the Japanese yen from the rate in effect on March 31, 2024 and 2025.

Risk of Market Prices in Stocks

We have marketable stocks that are subject to price risk arising from changes in their market prices. Our shareholders' equity and net income bear risks due to changes in the market prices of these securities. To manage these risks of market price fluctuations, we assume a scenario of a 10% uniform downward movement in stock prices compared with stock prices as of March 31, 2024 and 2025, respectively, and under such circumstances estimate ¥9,151 million and ¥12,416 million decrease in the fair value of our equity securities as of March 31, 2024 and 2025.

Item 12. Description of Securities Other than Equity Securities

FEES AND PAYMENTS RELATING TO OUR AMERICAN DEPOSITARY SHARES

SCHEDULE OF FEES AND CHARGES

Citibank N.A., or the Depositary, serves as the depositary for our ADSs. As an ADS holder, you will be required to pay the following service fees to the Depositary:

Service	Fee
Issuance of ADSs upon deposit of Shares	Up to 5¢ per ADS issued
Cancellation of ADSs and delivery of deposited securities	Up to 5¢ per ADS canceled
Exercise of rights to purchase additional ADSs	Up to 5¢ per ADS issued
Distribution of cash dividends or other cash distributions upon a sale of rights and other entitlements	Up to 5¢ per ADS held

As an ADS holder you will also be responsible to pay various fees and expenses incurred by the Depositary and various taxes and governmental charges such as:

- Taxes, including applicable interest and penalties, and other governmental charges;
- Fees for the transfer and registration of Shares charged by the registrar and transfer agent for the Shares in Japan (i.e., upon deposit and withdrawal of Shares);
- Expenses incurred for converting foreign currency into U.S. dollars;
- Expenses for cable, telex and fax transmissions and for delivery of securities;
- Fees and expenses of the Depositary incurred in connection with compliance with exchange control regulations and regulatory requirements applicable to the Shares or ADSs; and
- Fees and expenses of the Depositary in delivering deposited securities.

We have agreed to pay some other charges and expenses of the depositary bank. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary bank. You will receive prior notice of these changes.

PAYMENTS TO ORIX FROM THE DEPOSITARY

The Depositary has agreed to reimburse us for certain expenses we incur in connection with our ADR program. These reimbursable expenses include investor relations expenses, and proxy voting and related expenses. In fiscal 2025, this amount was \$80,000.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

In order to improve the convenience and liquidity of our securities on exchanges where our shares are listed, in accordance with “Action Plan for Consolidating Trading Units” issued in November 2007 by the securities exchanges in Japan, the Company implemented a 10-for-1 stock split of shares of its common stock on March 31, 2013, pursuant to which one hundred shares constitutes one unit as of April 1, 2013. The change resulted in no substantive change in trading unit price levels. Furthermore, effective February 27, 2025, we implemented a change in the ratio of our ADSs to underlying shares from one ADS representing five underlying shares to a ratio of one ADS representing one underlying share. Other than the change in ratio, this change did not affect material ADS terms.

Item 15. Controls and Procedures

As of March 31, 2025, the ORIX Group, under the supervision and with the participation of the Company’s management, including the Chief Executive Officer and the principal financial officer, performed an evaluation of the effectiveness of the ORIX Group’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended). The Company’s management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which by their nature can provide only reasonable assurance regarding the achievement of management’s control objectives. Based on this evaluation, the Company’s Chief Executive Officer and principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level for gathering, analyzing and disclosing the information the Company is required to disclose in the reports it files under the Act, within the time periods specified in the SEC’s rules and forms. There has been no change in the ORIX Group’s internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management’s report on internal control over financial reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). The internal control over financial reporting process of the ORIX Group was designed by, or under the supervision of, the Company’s Chief Executive Officer and principal financial officer and effected by the Company’s board of directors, management and other personnel, to provide reasonable assurance to the Company’s management and board of directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the ORIX Group;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in the United States, and that receipts and expenditures of the ORIX Group are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the ORIX Group’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of our internal control over financial reporting as of March 31, 2025 by using the criteria set forth in "Internal Control-Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, the Company's management concluded that our internal control over financial reporting was effective as of March 31, 2025.

The effectiveness of our internal control over financial reporting as of March 31, 2025 has been audited by KPMG AZSA LLC, an independent registered public accounting firm, who also audited our consolidated financial statements, as stated in their report which is included herein.

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Aiko Sekine is an "audit committee financial expert," within the meaning of the current rules of the U.S. Securities and Exchange Commission. Aiko Sekine is "independent" as required by Section 303A.06 of the New York Stock Exchange Listed Company Manual.

Subject to the approval of the election of Mami Yunoki as a director at the annual general meeting of shareholders scheduled to be held on June 25, 2025, she is also expected to be designated as an "audit committee financial expert" by our board of directors.

- Notes: 1. Name on the family register of Aiko Sekine is Aiko Sano.
2. Name on the family register of Mami Yunoki is Mami Kato.

Item 16B. Code of Ethics

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Pursuant to our Code of Ethics, last amended in April 2014, officers of ORIX covered by ORIX's Code of Ethics are required to promptly bring to the attention of the Company's Executive Officer of the Group Compliance Department any information concerning any violations of the Code of Ethics.

Item 16C. Principal Accountant Fees and Services

FEES PAID TO PRINCIPAL ACCOUNTANT

AUDIT FEES

In fiscal 2024 and 2025, KPMG (including Japanese and overseas affiliates of KPMG AZSA LLC) billed us ¥4,194 million and ¥4,706 million, respectively, for direct audit fees.

AUDIT-RELATED FEES

In fiscal 2024 and 2025, KPMG billed us ¥130 million and ¥172 million, respectively, for audit-related services, including attestation, assurance and related services that are not reported under audit fees.

TAX FEES

In fiscal 2024 and 2025, KPMG billed us ¥191 million and ¥263 million, respectively, for tax-related services.

ALL OTHER FEES

In fiscal 2024 and 2025, KPMG billed us ¥30 million and ¥46 million, respectively, for other products and services and for sustainability related assurance services.

AUDIT COMMITTEE'S PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has established standards for pre-approval of engagements of the independent registered public accounting firm for both audit services and non-audit services.

When ORIX Group engages the independent registered public accounting firm for audit services, pre-approval of the Audit Committee must be obtained prior to execution of the contract for such audit services, in accordance with pre-approval policies and procedures. In terms of audit services, every year the independent registered public accounting firm draws up its annual audit plan and annual budget, which is evaluated by ORIX's Accounting Department. Subsequently, pre-approval is obtained from the Audit Committee.

Non-audit services are generally not obtained from the independent registered public accounting firm or its affiliates. If it is necessary for ORIX Group to engage the independent registered public accounting firm for non-audit services, pre-approval of the Audit Committee must be obtained on a case-by-case basis prior to execution of the relevant contract, in accordance with pre-approval policies and procedures.

The Audit Committee may delegate the authority to pre-approve services to individual members of the Audit Committee. Audit Committee members to whom such pre-approval authority has been delegated report to the Audit Committee in a timely manner regarding any services that they have approved pursuant to such authority.

In accordance with internal rules on pre-approval, the Audit Committee may set a maximum fee amount for pre-approved non-audit services that are received over a reasonable period of one year or less. If the Audit Committee has set a maximum fee amount for pre-approved non-audit services, engagements for pre-approved non-audit services that do not exceed the maximum fee amount do not require specific pre-approval procedures. However, in such cases, engagements for such services must be reported to the Audit Committee in a timely manner.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Year ended March 31, 2025	(a) Total number of Shares Purchased	(b) Average Price Paid per Share	(c) Total number of Shares Purchased as Part of Publicly Announced Plans or Programs*1,2	(d) Maximum number (or Approximate Yen Value) of Shares that May Yet be Purchased Under the Plans or Programs*1,2
April 2024	24	¥3,155	0	¥ 0
May 2024	1,264,480	3,366	1,263,900	45,743,456,100
June 2024	1,874,200	3,423	1,874,200	39,328,336,400
July 2024	1,950,500	3,648	1,950,400	32,212,723,200
August 2024	2,338,716	3,385	2,338,700	24,295,762,050
September 2024	1,786,150	3,468	1,785,300	18,101,467,850
October 2024	2,262,840	3,291	2,262,800	10,655,069,450
November 2024	2,241,882	3,336	2,241,800	3,175,317,850
December 2024	932,414	3,405	932,400	233,950
January 2025	0	0	0	0
February 2025	400	0	0	0
March 2025	37	3,110	0	0
Total	<u>14,651,643</u>	<u>¥3,413</u>	<u>14,649,500</u>	<u>¥ 0</u>

*1 The Company resolved the share repurchase as follows at a meeting of the Board of Directors held on May 8, 2024.

- Class of shares to be repurchased Common shares
- Total number of shares to be repurchased Up to 40,000,000 shares
(approx.3.5% of the total outstanding shares
(excluding treasury shares))
- Total purchase price of shares to be repurchased Up to 50 billion yen
- Repurchase period May 15, 2024 to March 31, 2025
- Method of share repurchase Market purchases based on the discretionary
dealing contract regarding repurchase of own
shares

*2 The share repurchase based on the above resolution at the Board of Directors meeting was completed. The details of share repurchase are as follows.

- Class of shares repurchased Common shares
- Total number of shares repurchased 14,649,500 shares
- Total purchase price of shares repurchased 49,999,766,050 yen
- Repurchase period May 15, 2024 to December 10, 2024
- Method of share repurchase Market purchases based on the discretionary
dealing contract regarding repurchase of own
shares

*3 The Company resolved the share repurchase as follows at a meeting of the Board of Directors held on May 12, 2025.

- Class of shares to be repurchased Common shares
- Total number of shares to be repurchased Up to 40,000,000 shares
(approx.3.5% of the total outstanding shares
(excluding treasury shares))
- Total purchase price of shares to be repurchased Up to 100 billion yen
- Repurchase period May 19, 2025 to March 31, 2026
- Method of share repurchase Market purchases based on the discretionary
dealing contract regarding repurchase of own
shares

Item 16F. Change in Registrant's Certifying Accountant.

Not applicable.

Item 16G. Corporate Governance

Our ADSs have been listed on the New York Stock Exchange, or NYSE, since 1998. As an NYSE-listed company, we are required to comply with certain corporate governance standards under Section 303A of the NYSE Listed Company Manual. However, as a foreign private issuer, we are permitted to follow home country practice in lieu of certain provisions of Section 303A.

Our corporate governance practices differ in certain significant respects from those that U.S. companies must adopt in order to maintain a NYSE listing and, in accordance with Section 303A.11 of the NYSE's Listed Company Manual, we provide a brief, general summary of such differences.

The composition of our board of directors and its committees differs significantly in terms of independence from the composition requirements for boards and committees that U.S. companies must satisfy in order to maintain a NYSE listing. We are not required to meet the NYSE's independence requirements for individuals on our board of directors or our Nominating, Audit, and Compensation Committees. Under Japanese law, a majority of the membership on the committees must be "outside directors"—a Japanese law concept that shares similarities with the U.S. concept of "independent director" where the company is a "Company with Nominating Committee, etc." However, we are not required to include on our board of directors a majority of outside directors, nor are we required to compose our committees exclusively from outside directors. Six out of our 11 directors are outside directors. Under the Companies Act, the directors who compose the Audit Committee are not permitted to be executive officers or executive directors of the Company or its subsidiaries, or managers, employees or accounting advisors of the Company's subsidiaries. Our Audit Committee members meet this requirement.

Under the Companies Act, an outside director is a director (i) who is not an executive director, executive officer (*shikko-yaku*), manager or any other kind of employee (an "Executive Director, etc.") of the Company or its subsidiaries and who has not been an Executive Director, etc. of the Company or its subsidiaries in the past 10 years; (ii) who has not been an Executive Director, etc. of the Company or its subsidiaries for the past 10 years from the assumptions of any of the position of director, accounting advisor, or auditor; (iii) who is not a person with a controlling stake in the management of the Company, such as a holder of more than 50 percent of the Company's shares, etc., or has not been an Executive Director, etc. of the parent company of the Company; (iv) who has not been an Executive Director, etc. of any other company with same parent company; and (v) who has not been the spouse or the kin (within the second degree) of any director, manager or any other kind of important employee of the Company, or a person with a controlling stake in the management of the Company, such as a holder of more than 50 percent of the Company's shares etc.

In addition to differences in composition requirements for our board of directors and its committees, we are not required to:

- make publicly available one or more documents that summarize all aspects of our corporate governance guidelines or prepare a written code that states the objectives, responsibilities, and performance evaluation of our Nominating, Audit and Compensation Committees in a manner that satisfies the NYSE's requirements;
- adopt a code of business conduct and ethics for our directors, officers, and employees that addresses fully the topics necessary to satisfy the NYSE's requirements;
- hold regularly scheduled executive sessions for our outside directors;
- obtain shareholder approval for all equity compensation plans for employees, directors or executive officers of ORIX or for material revisions to any such plans;
- provide the compensation committee with authority to obtain or retain the advice of a compensation advisor only after taking into consideration all factors relevant to determining the advisor's independence from management.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Item 16J. Insider Trading Policies

ORIX has adopted insider trading policies and procedures governing the purchase, sale, and other dispositions of its securities by directors, officers, and employees. These policies and procedures are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and applicable Tokyo Stock Exchange and NYSE listing standards. A copy of the ORIX Group Global Insider Trading Policy is attached as Exhibit 11.2.

Item 16K. Cybersecurity

(1) Risk management and strategy

Our Information Security Control Department reports to and manages cyber and information security risks to the Information Technology Management Committee.

Our Information Security Control Department has established a cyber and information security awareness training program for our consolidated group companies. All employees of our consolidated group companies, including investee companies, and employees of outsourcing companies with access to our network are required to take online training at least once a year. These educational programs also include phishing e-mails simulations, which are conducted several times a year on an irregular basis. We also provide training through escalation and response simulations in the event of a cyber or information security incident.

Each of our consolidated group companies is assigned an Information Security Accountable Owner, and cyber and information security knowledge and the Group's security policies are shared with the companies on a quarterly basis to raise readiness levels across the ORIX Group.

In order to control cyber and information security risks we face through our interactions with and reliance on third parties, such as through our outsourcing activities and use of cloud services, we conduct regular security assessments of business partners and outsourcing vendors. In addition, we have a framework in place for the Information Security Control Department to evaluate the security risks of information systems and cloud services provided by business partners and outsourcing vendors.

The Information Security Control Department is responsible for assessing and managing our cyber and information security risks and where necessary, engages third-party consultants for advice regarding specific areas where enhanced controls or in-depth analysis is required.

The ORIX Group has also established a framework to respond to cyber and information security incidents and to mitigate the risk of security breaches, system failures and information leaks, including cyber attacks and damage to information security systems. A system has been established to assess the impact on operations and the likelihood of secondary damage in the event of a cyber and information security incident caused by cyber attacks. The Information Security Control Department analyzes and investigates the incident and also works with the legal department and compliance department to minimize the impact of the incident and prevent secondary damage. Any serious incidents are reported to the Executive Officer in charge of the Information Security Control Department and appropriate action is taken under his/her direction. The current Executive Officer in charge of information security at ORIX has extensive knowledge of information technology and security, cultivated through his experience with system development, project management and security management in over two decades at various international companies prior to joining ORIX Corporation, including over a decade of experience in the financial business sector.

In the current fiscal year, we did not identify any cyber or information security incidents that have materially affected or are reasonably likely to materially affect our business activities, results of operations or financial condition.

(2) Governance

The ORIX Group has established internal rules governing the structure, basic policies, management standards for information security, education, and audits in accordance with global standards for information security controls such as ISO and NIST.

The Information Security Management Rules stipulate that strategies and policies regarding cyber and information security and its response policies for cyber and information security incidents, are to be discussed and determined at the Information Technology Committee, consisting of the Group CEO, chief financial officer (“CFO”) and other members. In addition, the response status of any cyber or information security incident is reported to the Audit Committee by the Executive Officer in charge of the Information Security Control Department to ensure appropriate information sharing.

We have a system in place to determine the seriousness of cyber or information security incidents, report to the Disclosure Committee in a timely manner, as well as to disclose information on cyber security risks, strategies, and governance on a regular basis, in addition to the status of incident management. In addition to the management of incidents, we have also established a system that enables regular disclosure of cyber security risks, strategies, and governance.

We have also established company-wide security requirements with which all consolidated group companies must comply, such as keeping systems up to date through vulnerability management program and technical measures for network defense. We have also established internal rules for security log management that take into account physical and logical boundaries with external networks as well as information breaches caused by internal fraud.

PART III

Item 17. Financial Statements

ORIX has elected to provide financial statements and related information pursuant to Item 18.

Item 18. Financial Statements

See pages F-1 through F-172.

The following consolidated financial statements of ORIX listed below and the report thereon by its independent registered public accounting firm are filed as part of this Form 20-F:

- (a) Consolidated Balance Sheets as of March 31, 2024 and 2025 (page F-5 to F-6);
- (b) Consolidated Statements of Income for the years ended March 31, 2023, 2024 and 2025 (page F-7 to F-8);
- (c) Consolidated Statements of Comprehensive Income for the years ended March 31, 2023, 2024 and 2025 (page F-9);
- (d) Consolidated Statements of Changes in Equity for the years ended March 31, 2023, 2024 and 2025 (page F-10 to F-11);
- (e) Consolidated Statements of Cash Flows for the years ended March 31, 2023, 2024 and 2025 (page F-12);
- (f) Notes to Consolidated Financial Statements (page F-13 to F-171);
- (g) Schedule II.—Valuation and Qualifying Accounts and Reserves (page F-172).

Item 19. Exhibits

We have filed the following documents as exhibits to this document.

Exhibit Number	Description
Exhibit 1.1	Articles of Incorporation of ORIX Corporation, as amended on June 24, 2022, and effective on September 1, 2022 (Incorporated by reference to the Annual Report on Form 20-F filed on June 29, 2022 (File No. 001-14856)).
Exhibit 1.2	Regulations of the Board of Directors of ORIX Corporation, as amended on July 21, 2017 (Incorporated by reference to the Annual Report on Form 20-F filed on June 28, 2018 (File No. 001-14856)).
Exhibit 1.3	Share Handling Regulations of ORIX Corporation, as amended on January 6, 2025.
Exhibit 2.1	Description of American Depositary Shares of ORIX Corporation (Incorporated by reference to the Registration Statement on Form F-3 ASR filed on July 2, 2009 (File No. 333-160410)).
Exhibit 2.2	Deposit Agreement, dated September 14, 1998, by and among ORIX Corporation, Citibank, N.A., as Depositary, and the Holders and Beneficial Owners of American Depositary Shares Evidenced by American Depositary Receipts (Incorporated by reference to the Registration Statement on Form F-3 ASR filed on July 2, 2009 (File No. 333-160410)).
Exhibit 2.3	Form of Amendment No. 1 to Deposit Agreement, by and among ORIX Corporation, Citibank, N.A. as Depositary, and all Holders and Beneficial Owners of American Depositary Shares issued thereunder (Incorporated by reference to the Registration Statement on Form F-6 filed on January 10, 2025 (File No. 333-09384)).
Exhibit 8.1	List of subsidiaries and affiliates.
Exhibit 11.1	Code of Ethics, as amended on April 18, 2014 (Incorporated by reference to the Annual Report on Form 20-F filed on June 25, 2019 (File No. 001-14856)).
Exhibit 11.2	Insider Trading Policies (Incorporated by reference to the Annual Report on Form 20-F filed on June 27, 2024 (File No. 001-14856)).
Exhibit 12.1	Certifications required by Rule 13a-14 (a) (17 CFR 240.13a-14 (a)) or Rule 15d-14 (a) (17 CFR 240.15d 14(a)).
Exhibit 13.1	Certifications required by Rule 13a-14 (b) (17 CFR 240.13a-14 (b)) or Rule 15d-14 (b) (17 CFR 240.15d 14 (b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
Exhibit 15.1	Consent of independent registered public accounting firm.
Exhibit 97	Compensation Clawback Policy (Incorporated by reference to the Annual Report on Form 20-F filed on June 27, 2024 (File No. 001-14856)).
Exhibit 101	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
Exhibit 101	Inline XBRL Schema Document.
Exhibit 101	Inline XBRL Calculation Linkbase Document.
Exhibit 101	Inline XBRL Definition Linkbase Document.
Exhibit 101	Inline XBRL Labels Linkbase Document.
Exhibit 101	Inline XBRL Presentation Linkbase Document.
Exhibit 104	The cover page for the Company's Annual Report on Form 20-F for the year ended March 31, 2025, has been formatted as Inline XBRL and contained in Exhibit 101

We have not included as exhibits certain instruments with relation to our long-term debt or the long-term debt of our subsidiaries. The total amount of securities of us or our subsidiaries authorized under any such instrument does not exceed 10% of our consolidated total assets. We hereby agree to furnish to the SEC, upon its request, a copy of any and all such instruments.

SIGNATURES

The company hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

ORIX KABUSHIKI KAISHA

By: /s/ YASUAKI MIKAMI

Name: Yasuaki Mikami

Title: Senior Managing Executive Officer

Date: June 24, 2025

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Reports of Independent Registered Public Accounting Firm (KPMG AZSA LLC, Tokyo, Japan, Auditor Firm ID: 1009)	F-2
Consolidated Balance Sheets as of March 31, 2024 and 2025	F-5
Consolidated Statements of Income For the Years Ended March 31, 2023, 2024 and 2025	F-7
Consolidated Statements of Comprehensive Income For the Years Ended March 31, 2023, 2024 and 2025	F-9
Consolidated Statements of Changes in Equity For the Years Ended March 31, 2023, 2024 and 2025 ...	F-10
Consolidated Statements of Cash Flows For the Years Ended March 31, 2023, 2024 and 2025	F-12
Notes to Consolidated Financial Statements	F-13
Schedule II.—Valuation and Qualifying Accounts and Reserves	F-172

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors
ORIX Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of ORIX Corporation (a Japanese corporation) and its subsidiaries (the Group) as of March 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended March 31, 2025, and the related notes and financial statement schedule II (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of March 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended March 31, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Group's internal control over financial reporting as of March 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated June 24, 2025 expressed an unqualified opinion on the effectiveness of the Group's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the fair value measurement of the investment funds categorized as Level 3 financial instruments in the fair value hierarchy

As discussed in Notes 1 and 2 to the consolidated financial statements, the Group's financial assets measured at fair value on a recurring basis under Level 3 of the fair value hierarchy as of March 31, 2025 amounted to ¥459,061 million, which included ¥162,210 million of investment funds, and others. Certain overseas subsidiaries are determined as investment companies under ASC 946 ("Financial Services—Investment Companies") and hold investment funds measured at fair value with changes in fair value recognized in earnings on a recurring basis. These investment funds are classified as Level 3 in the fair value hierarchy, because the Group measures their fair value using valuation techniques with key inputs that are unobservable. The fair value of the Level 3 investment funds held by a certain investment company in the ORIX USA segment is estimated based on the valuation methodology of the underlying equity investments by weighting the income approach technique using discounted cash flows and the market approach technique utilizing market multiples. Key inputs and assumptions used for the valuation include

earnings before interest, taxes, depreciation and amortization (EBITDA) multiples, cash flow forecasts, weighted average cost of capital (WACC) and weighting of the techniques.

We identified the assessment of the fair value measurement of the Level 3 investment funds held by the certain investment company in the ORIX USA segment as a critical audit matter. Due to the significant measurement uncertainty associated with the fair value of such investment funds, a high degree of subjectivity was used in determining the methodology and the key inputs and assumptions, including EBITDA multiples, cash flow forecasts, WACC and weighting of the techniques. Minor changes in these key inputs and assumptions used for the valuation could have a significant effect on the Group's net income. Therefore, a high degree of auditor judgment was required. Additionally, the audit effort associated with this estimate required specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Group's fair value measurement process for the Level 3 investment funds, including controls over (1) the development of the methodology and (2) the determination of the key inputs and assumptions used for the valuation. We evaluated the development of the cash flow forecasts by analyzing the actual results compared to those forecasted in the prior year as well as trends in year-over-year forecasts. We involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating appropriateness of the Group's fair value measurement methodology in accordance with U.S. generally accepted accounting principles,
- evaluating the reasonableness of the selected EBITDA multiples through the comparison to independently developed EBITDA multiples,
- evaluating the reasonableness of the WACC used by management, by comparing it against a WACC range that was developed using publicly available market data and independently developed assumptions, and
- evaluating the reasonableness of the weighting of the techniques applied to arrive at the fair value.

KPMG AZSA LLC

We have served as the Group's auditor since 1985.

Tokyo, Japan
June 24, 2025

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors
ORIX Corporation

Opinion on Internal Control Over Financial Reporting

We have audited ORIX Corporation (a Japanese corporation) and subsidiaries' (the Group) internal control over financial reporting as of March 31, 2025, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of March 31, 2025, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Group as of March 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended March 31, 2025, and the related notes and financial statement schedule II (collectively, the consolidated financial statements), and our report dated June 24, 2025 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG AZSA LLC

Tokyo, Japan
June 24, 2025

**CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2024 AND 2025**

ORIX Corporation and Subsidiaries

		Millions of yen	
		2024	2025
ASSETS			
Cash and Cash Equivalents	¥	1,032,810	¥ 1,206,573
Restricted Cash		152,497	115,410
Net investment in Leases		1,155,023	1,167,380
Installment Loans		3,958,814	4,081,019
The amounts which are measured at fair value by electing the fair value option are as follows:			
March 31, 2024	¥129,959 million		
March 31, 2025	¥97,694 million		
Allowance for Credit Losses		(58,110)	(56,769)
Investment in Operating Leases		1,868,574	1,967,178
Investment in Securities		3,263,079	3,234,547
The amounts which are measured at fair value by electing the fair value option are as follows:			
March 31, 2024	¥35,696 million		
March 31, 2025	¥41,018 million		
The amounts which are associated to available-for-sale debt securities are as follows:			
As of March 31, 2024			
Amortized Cost	¥3,015,940 million		
Allowance for Credit Losses	¥(634) million		
As of March 31, 2025			
Amortized Cost	¥3,174,036 million		
Allowance for Credit Losses	¥(670) million		
Property under Facility Operations		689,573	771,851
Equity method investments		1,313,887	1,320,015
Trade Notes, Accounts and Other Receivable		401,368	411,012
Inventories		227,359	229,229
Office Facilities		248,458	191,957
Other Assets		2,068,768	2,226,849
The amounts which are measured at fair value by electing the fair value option are as follows:			
March 31, 2024	¥2,786 million		
March 31, 2025	¥2,586 million		
Total Assets		<u>¥16,322,100</u>	<u>¥16,866,251</u>

Note: The assets of consolidated variable interest entities (VIEs) that can be used only to settle obligations of those VIEs are as follows:

		Millions of yen	
		2024	2025
Cash and Cash Equivalents	¥	4,748	¥ 1,333
Net Investment in Leases (Net of Allowance for Credit Losses)		2,186	6,482
Installment Loans (Net of Allowance for Credit Losses)		186,889	71,668
Investment in Operating Leases		55,089	77,480
Property under Facility Operations		150,930	91,323
Equity method Investments		50,168	49,409
Other		84,858	45,402
	¥	<u>534,868</u>	<u>¥343,097</u>

CONSOLIDATED BALANCE SHEETS—(Continued)
AS OF MARCH 31, 2024 AND 2025

ORIX Corporation and Subsidiaries

		Millions of yen	
		2024	2025
LIABILITIES AND EQUITY			
Liabilities:			
Short-term Debt		¥ 574,095	¥ 549,680
Deposits		2,245,835	2,449,812
Trade Notes, Accounts and Other Payable		362,504	339,787
Policy Liabilities and Policy Account Balances		1,892,510	1,948,047
The amounts which are measured at fair value by electing the fair value option are as follows:			
March 31, 2024	¥167,207 million		
March 31, 2025	¥136,257 million		
Income Taxes:			
Current		65,534	53,149
Deferred		505,190	525,632
Long-term Debt		5,626,376	5,733,118
Other Liabilities		1,025,446	1,091,811
Total Liabilities		12,297,490	12,691,036
Redeemable Noncontrolling Interests		2,645	3,432
Commitments and Contingent Liabilities			
Equity:			
Common stock:		221,111	221,111
Authorized:	2,590,000,000 shares		
Issued:			
March 31, 2024	1,214,961,054 shares		
March 31, 2025	1,162,962,244 shares		
Additional Paid-in Capital		233,457	234,193
Retained Earnings		3,259,730	3,354,911
Accumulated Other Comprehensive Income		357,148	341,298
Treasury Stock, at Cost:		(129,980)	(61,731)
March 31, 2024	63,475,848 shares		
March 31, 2025	26,672,695 shares		
ORIX Corporation Shareholders' Equity		3,941,466	4,089,782
Noncontrolling Interests		80,499	82,001
Total Equity		4,021,965	4,171,783
Total Liabilities and Equity		¥16,322,100	¥16,866,251

- Notes: 1. The Company's shares held through the Board Incentive Plan Trust (2,727,686 shares as of March 31, 2024 and 3,413,000 shares as of March 31, 2025) are included in the number of treasury stock as of March 31, 2024 and 2025.
2. The liabilities of consolidated VIEs for which creditors (or beneficial interest holders) do not have recourse to the general credit of the Company and its subsidiaries are as follows:

		Millions of yen	
		2024	2025
Short-Term Debt		¥ 2,186	¥ 0
Trade Notes, Accounts and Other Payable		845	525
Long-Term Debt		339,143	199,360
Other		27,694	16,749
		¥ 369,868	¥216,634

The accompanying notes to consolidated financial statements are an integral part of these statements.

**CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED MARCH 31, 2023, 2024 AND 2025**

ORIX Corporation and Subsidiaries

	Millions of yen		
	2023	2024	2025
Revenues:			
Finance revenues	¥ 319,478	¥ 348,001	¥ 328,356
Gains on investment securities and dividends	27,850	33,023	14,324
Operating leases	499,541	535,490	624,444
Life insurance premiums and related investment income	494,070	558,923	515,259
Sales of goods and real estate	392,569	373,914	373,155
Services income	930,151	965,010	1,019,283
Total revenues	2,663,659	2,814,361	2,874,821
Expenses:			
Interest expense	127,618	188,328	169,051
Costs of operating leases	336,987	356,760	394,821
Life insurance costs	373,906	433,863	384,753
Costs of goods and real estate sold	333,009	268,627	271,833
Services expense	571,127	560,101	604,145
Other (income) and expense	14,445	(4,671)	27,128
Selling, general and administrative expenses	559,406	627,633	646,054
Provision for credit losses	8,117	20,968	18,723
Write-downs of long-lived assets	2,297	1,724	25,933
Write-downs of securities	824	315	554
Total expenses	2,327,736	2,453,648	2,542,995
Operating Income	335,923	360,713	331,826
Equity in Net Income of Equity method investments	22,081	36,774	57,182
Gains on Sales of Subsidiaries and Equity method investments and Liquidation			
Losses, net	33,000	72,488	87,705
Bargain Purchase Gain	1,174	0	3,750
Income before Income Taxes	392,178	469,975	480,463
Provision for Income Taxes	95,245	131,388	128,828
Net Income	296,933	338,587	351,635
Net Income (Loss) Attributable to the Noncontrolling Interests	6,561	(7,682)	(389)
Net Income Attributable to the Redeemable Noncontrolling Interests	32	137	394
Net Income Attributable to ORIX Corporation Shareholders	¥ 290,340	¥ 346,132	¥ 351,630

CONSOLIDATED STATEMENTS OF INCOME—(Continued)
FOR THE YEARS ENDED MARCH 31, 2023, 2024 AND 2025

ORIX Corporation and Subsidiaries

	Yen		
	2023	2024	2025
Amounts per Share of Common Stock for Income Attributable to ORIX Corporation Shareholders:			
Basic:			
Net Income Attributable to ORIX Corporation Shareholders	¥ 245.98	¥ 298.55	¥ 307.74
Diluted:			
Net Income Attributable to ORIX Corporation Shareholders	¥ 245.65	¥ 298.05	¥ 307.16
Cash Dividends	89.40	85.60	117.97

The accompanying notes to consolidated financial statements are an integral part of these statements.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2023, 2024 AND 2025**

ORIX Corporation and Subsidiaries

	Millions of yen		
	2023	2024	2025
Net Income	¥ 296,933	¥338,587	¥ 351,635
Other comprehensive income (loss), net of tax:			
Net change of unrealized gains (losses) on investment in securities	(110,166)	(67,762)	(153,108)
Impact of changes in policy liability discount rate	126,980	93,269	158,339
Net change of debt valuation adjustments	54	(191)	(35)
Net change of defined benefit pension plans	4,448	13,293	5,128
Net change of foreign currency translation adjustments	94,707	173,304	(20,060)
Net change of unrealized gains (losses) on derivative instruments	19,670	(5,875)	(6,403)
Total other comprehensive income (loss)	135,693	206,038	(16,139)
Comprehensive Income	432,626	544,625	335,496
Comprehensive Income (loss) Attributable to the Noncontrolling Interests	12,059	(3,035)	(492)
Comprehensive Income (loss) Attributable to the Redeemable Noncontrolling Interests	(17)	350	344
Comprehensive Income Attributable to ORIX Corporation Shareholders ...	¥ 420,584	¥547,310	¥ 335,644

The accompanying notes to consolidated financial statements are an integral part of these statements.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2023, 2024 AND 2025**

ORIX Corporation and Subsidiaries

	Millions of yen							
	ORIX Corporation Shareholders' Equity							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total ORIX Corporation Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at March 31, 2022	¥221,111	¥260,479	¥2,914,558	¥ 21,495	¥(113,447)	¥3,304,196	¥109,982	¥3,414,178
Contribution to subsidiaries						0	3,451	3,451
Transaction with noncontrolling interests		(28,048)		4,396		(23,652)	(36,758)	(60,410)
Comprehensive income, net of tax:								
Net income			290,340			290,340	6,561	296,901
Other comprehensive income (loss)								
Net change of unrealized gains (losses) on investment in securities				(110,142)		(110,142)	0	(110,142)
Impact of changes in policy liability discount rate				126,980		126,980	0	126,980
Net change of debt valuation adjustments				54		54	0	54
Net change of defined benefit pension plans				4,455		4,455	(7)	4,448
Net change of foreign currency translation adjustments				91,095		91,095	3,637	94,732
Net change of unrealized gains on derivative instruments				17,802		17,802	1,868	19,670
Total other comprehensive income						130,244	5,498	135,742
Total comprehensive income						420,584	12,059	432,643
Cash dividends			(106,290)			(106,290)	(18,019)	(124,309)
Acquisition of treasury stock					(52,071)	(52,071)	0	(52,071)
Disposal of treasury stock		(85)			102	17	0	17
Cancellation of treasury stock			(44,160)		44,160	0	0	0
Other, net		823				823	0	823
Balance at March 31, 2023	¥221,111	¥233,169	¥3,054,448	¥ 156,135	¥(121,256)	¥3,543,607	¥ 70,715	¥3,614,322
Contribution to subsidiaries						0	18,357	18,357
Transaction with noncontrolling interests		86		(165)		(79)	(3,470)	(3,549)
Comprehensive income, net of tax:								
Net income (loss)			346,132			346,132	(7,682)	338,450
Other comprehensive income (loss)								
Net change of unrealized gains (losses) on investment in securities				(67,772)		(67,772)	0	(67,772)
Impact of changes in policy liability discount rate				93,269		93,269	0	93,269
Net change of debt valuation adjustments				(191)		(191)	0	(191)
Net change of defined benefit pension plans				13,287		13,287	6	13,293
Net change of foreign currency translation adjustments				168,285		168,285	4,816	173,101
Net change of unrealized gains (losses) on derivative instruments				(5,700)		(5,700)	(175)	(5,875)
Total other comprehensive income						201,178	4,647	205,825
Total comprehensive income (loss)						547,310	(3,035)	544,275
Cash dividends			(99,900)			(99,900)	(2,068)	(101,968)
Acquisition of treasury stock					(50,001)	(50,001)	0	(50,001)
Disposal of treasury stock		(227)			277	50	0	50
Cancellation of treasury stock		(49)	(40,951)		41,000	0	0	0
Other, net		478	1			479	0	479
Balance at March 31, 2024	¥221,111	¥233,457	¥3,259,730	¥ 357,148	¥(129,980)	¥3,941,466	¥ 80,499	¥4,021,965

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—(Continued)
FOR THE YEARS ENDED MARCH 31, 2023, 2024 AND 2025

ORIX Corporation and Subsidiaries

	Millions of yen							
	ORIX Corporation Shareholders' Equity							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total ORIX Corporation Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at March 31, 2024	¥221,111	¥233,457	¥3,259,730	¥ 357,148	¥(129,980)	¥3,941,466	¥80,499	¥4,021,965
Cumulative effect of adopting Accounting Standards Update 2023-02			¥ (157)			¥ (157)	0	¥ (157)
Balance at April 1, 2024	¥221,111	¥233,457	¥3,259,573	¥ 357,148	¥(129,980)	¥3,941,309	¥80,499	¥4,021,808
Contribution to subsidiaries						0	10,736	10,736
Transaction with noncontrolling interests		83		136		219	(7,451)	(7,232)
Comprehensive income, net of tax:								
Net income (loss)			351,630			351,630	(389)	351,241
Other comprehensive income (loss)								
Net change of unrealized gains (losses) on investment in securities				(153,108)		(153,108)	0	(153,108)
Impact of changes in policy liability discount rate				158,339		158,339	0	158,339
Net change of debt valuation adjustments				(35)		(35)	0	(35)
Net change of defined benefit pension plans				5,121		5,121	7	5,128
Net change of foreign currency translation adjustments				(19,687)		(19,687)	(323)	(20,010)
Net change of unrealized gains (losses) on derivative instruments				(6,616)		(6,616)	213	(6,403)
Total other comprehensive income (loss)						(15,986)	(103)	(16,089)
Total comprehensive income (loss)						335,644	(492)	335,152
Cash dividends			(135,590)			(135,590)	(1,291)	(136,881)
Acquisition of treasury stock					(53,518)	(53,518)	0	(53,518)
Disposal of treasury stock		(654)			917	263	0	263
Cancellation of treasury stock		(149)	(120,702)		120,851	0	0	0
Other, net		1,456			(1)	1,455	0	1,455
Balance at March 31, 2025	¥221,111	¥234,193	¥3,354,911	¥ 341,298	¥ (61,731)	¥4,089,782	¥82,001	¥4,171,783

Note: Changes in the redeemable noncontrolling interests are not included in this table. For further information, see Note 18 "Redeemable Noncontrolling Interests."

The accompanying notes to consolidated financial statements are an integral part of these statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2023, 2024 AND 2025**

ORIX Corporation and Subsidiaries

	Millions of yen		
	2023	2024	2025
Cash Flows from Operating Activities:			
Net income	¥ 296,933	¥ 338,587	¥ 351,635
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	340,252	364,242	399,527
Principal payments received under net investment in leases	489,428	475,730	495,717
Provision for credit losses	8,117	20,968	18,723
Equity in net income of equity method investments	(22,081)	(36,774)	(57,182)
(Gains) Losses on sales of subsidiaries and equity method investments and liquidation losses, net	(33,000)	(72,488)	(87,705)
Bargain purchase gain	(1,174)	0	(3,750)
Gains on sales of securities other than trading	(2,657)	(3,943)	6,772
Gains on sales of operating lease assets	(56,932)	(53,441)	(76,633)
Write-downs of long-lived assets	2,297	1,724	25,933
Write-downs of securities	824	315	554
Deferred tax provision	36,947	20,000	23,346
(Increase) Decrease in trading securities	31,855	(8,041)	28,487
Increase in inventories	(17,527)	(58,126)	(9,839)
(Increase) Decrease in trade notes, accounts and other receivable	12,953	5,235	(2,641)
Decrease in trade notes, accounts and other payable	(12,173)	(4,427)	(3,910)
Increase in policy liabilities and policy account balances	89,915	186,193	268,258
Increase (Decrease) in income taxes payable	(128,948)	107,881	(9,232)
Other, net	(121,941)	(40,233)	(67,867)
Net cash provided by operating activities	913,088	1,243,402	1,300,193
Cash Flows from Investing Activities:			
Purchases of lease equipment	(976,502)	(1,124,207)	(1,288,608)
Originations of installment loans	(1,275,795)	(1,429,738)	(1,506,006)
Principal collected on installment loans	1,337,889	1,356,586	1,302,302
Proceeds from sales of operating lease assets	233,452	262,724	373,804
Investments in equity method investees, net	(66,186)	(166,640)	(64,985)
Proceeds from sales of equity method investments	104,387	23,967	95,789
Purchases of available-for-sale debt securities	(515,865)	(570,241)	(700,403)
Proceeds from sales of available-for-sale debt securities	323,773	197,640	289,170
Proceeds from redemption of available-for-sale debt securities	44,496	47,280	257,338
Purchases of equity securities other than trading	(55,539)	(57,819)	(76,767)
Proceeds from sales of equity securities other than trading	36,444	54,728	31,594
Purchases of property under facility operations	(103,572)	(76,667)	(69,064)
Acquisitions of subsidiaries, net of cash acquired	(206,830)	(42,486)	(89,871)
Sales of subsidiaries, net of cash disposed	19,987	139,525	111,043
Other, net	1,383	12,545	24,969
Net cash used in investing activities	(1,098,478)	(1,372,803)	(1,309,695)
Cash Flows from Financing Activities:			
Net increase (decrease) in debt with maturities of three months or less	20,408	10,751	(98,621)
Proceeds from debt with maturities longer than three months	1,820,633	1,218,867	1,549,750
Repayment of debt with maturities longer than three months	(1,158,517)	(1,177,803)	(1,368,479)
Net increase (decrease) in deposits due to customers	(30,638)	(1,572)	204,034
Cash dividends paid to ORIX Corporation shareholders	(106,290)	(99,900)	(135,590)
Acquisition of treasury stock	(52,071)	(50,001)	(53,518)
Contribution from noncontrolling interests	3,926	15,621	3,577
Purchases of shares of subsidiaries from noncontrolling interests	(46,319)	(108)	(521)
Net increase in call money	5,000	0	50,000
Other, net	(17,824)	(1,332)	(1,310)
Net cash provided by (used in) financing activities	438,308	(85,477)	149,322
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	22,178	33,277	(3,144)
Net increase (decrease) in Cash, Cash Equivalents and Restricted Cash	275,096	(181,601)	136,676
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	1,091,812	1,366,908	1,185,307
Cash, Cash Equivalents and Restricted Cash at End of Year	¥ 1,366,908	¥ 1,185,307	¥ 1,321,983

Notes: The accompanying notes to consolidated financial statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ORIX Corporation and Subsidiaries

1. Significant Accounting and Reporting Policies

In preparing the accompanying consolidated financial statements, ORIX Corporation (the “Company”) and its subsidiaries have complied with generally accepted accounting principles in the United States (“U.S. GAAP”). Significant accounting and reporting policies are summarized as follows:

(a) Basis of presenting financial statements

The Company and its subsidiaries in Japan maintain their books in conformity with Japanese accounting practices, which differ in certain respects from U.S. GAAP.

The accompanying consolidated financial statements have been prepared in conformity with U.S. GAAP and, therefore, reflect certain adjustments to the books and records of the Company and its subsidiaries. The principal adjustments relate to initial direct costs to originate leases, loan origination fees and related direct loan origination costs, accounting for allowance for credit losses, use of a straight-line basis of depreciation for operating lease assets, deferral of life insurance policy acquisition costs, calculation of insurance policy liabilities, accounting for goodwill and other intangible assets in business combinations, accounting for pension plans, accounting for sales of the parent’s ownership interest in subsidiaries, classification in the statements of cash flows, accounting for transfer of financial assets, accounting for investment in securities, accounting for fair value option, accounting for lessee’s lease and reflection of the income tax effect on such adjustments.

(b) Principles of consolidation

Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. VIEs, for which the Company and its subsidiaries are the primary beneficiaries, are also included in the consolidated financial statements.

In a transaction that results in the loss of control, the gain or loss recognized in income includes the realized gain or loss related to the portion of ownership interest sold and the gain or loss on the remeasurement to fair value of the interest retained. On the other hand, additional acquisition of the parent’s ownership interest in subsidiaries and partial sale of such interest where the parent continues to retain control of the subsidiary are accounted for as equity transactions.

A certain overseas subsidiary consolidates subsidiaries determined as investment companies under ASC 946 (“Financial Services—Investment Companies”). Investments held by the investment company subsidiaries are carried at fair value with changes in fair value recognized in earnings.

All significant intercompany accounts and transactions have been eliminated in preparing our consolidated financial statements.

Equity method investees

(1) Investment in corporate entities

Investments in corporate entities, in which the Company and its subsidiaries have 20% – 50% ownership or has the ability to exercise significant influence, are accounted for by using the equity method except for those for which the fair value option has been elected. When the Company holds majority voting interests of an entity but noncontrolling shareholders hold substantive participating rights to make decisions on activities that occur over the ordinary course of the business, an equity method investee is recognized.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

(2) Investment in real estate joint ventures

Investments in real estate joint ventures, which includes contracts for the development and operation of real estate, are accounted for by using the equity method.

(3) Investment in partnerships and other investments

Investments in partnerships and other investments, in which the Company and its subsidiaries have more than 3% to 5% ownership or over which the Company and its subsidiaries can exercise significant influence, are accounted for by using the equity method except for those for which the fair value option has been elected.

Equity method investments are recorded at cost plus/minus the Company and its subsidiaries' portion of equity in undistributed earnings. If the value of an investment has declined and is judged to be other-than-temporary, the investment is written down to its fair value.

When an equity method investee issues stocks, which price per share is more or less than the Company and its subsidiaries' average carrying amount per share, to unrelated third parties, the Company and its subsidiaries adjust the carrying amount of its equity method investee and recognize the gain or loss in the consolidated statements of income in the year in which the change in ownership interest occurs.

A lag period of up to three months is used on a consistent basis for recognizing the results of certain consolidated subsidiaries and equity method investees.

(c) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company has identified eleven areas where it believes estimates are particularly significant to the financial statements. The Company makes estimates and assumptions to the selection of valuation techniques and determination of assumptions used in fair value measurements, fair value measurement of assets acquired and liabilities assumed in a business combination, the determination and periodic reassessment of the unguaranteed residual value for finance leases and operating leases, the determination and reassessment of insurance policy liabilities and deferred policy acquisition costs, the determination of the allowance for credit losses (including the allowance for off-balance sheet credit exposures), the recognition and measurement of impairment of long-lived assets, the recognition and measurement of impairment of investment in securities, the determination of the valuation allowance for deferred tax assets and the evaluation of tax positions, the assessment and measurement of effectiveness in hedging relationship using derivative financial instruments, the determination of benefit obligation and net periodic pension cost and the recognition and measurement of impairment of goodwill and other intangible assets.

(d) Foreign currencies translation

The Company and its subsidiaries maintain their accounting records in their functional currency. Transactions in foreign currencies are recorded in the entity's functional currency based on the prevailing exchange rates on the transaction date. Monetary assets and liabilities in foreign currencies are recorded in the entity's functional currency based on the prevailing exchange rates at the end of each reporting period.

The financial statements of overseas subsidiaries and equity method investees are translated into Japanese yen by applying the exchange rates in effect at the end of each reporting period to all assets and liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Income and expenses are translated at the average rates of exchange prevailing during the fiscal year. The currencies in which the operations of the overseas subsidiaries and equity method investees are conducted are regarded as the functional currencies of these companies. Foreign currency translation adjustments reflected in other comprehensive income (loss), net of applicable income taxes, arise from the translation of foreign currency financial statements into Japanese yen.

(e) Revenue recognition

The Company and its subsidiaries recognize revenues from only contracts with customers, such as sales of goods and real estate, and services income, revenues are recognized to depict the transfer of promised goods or services to customers in the amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenues are recognized net of discount, incentives and estimated sales returns. In case that the Company and its subsidiaries receive payment from customers before satisfying performance obligations, the amounts are recognized as contract liabilities. In transactions that involve third parties, if the Company and its subsidiaries control the goods or services before they are transferred to the customers, revenue is recognized on the gross amount as the principal.

Excluding the aforementioned policy, the policies as specifically described hereinafter are applied for each revenue item.

Finance Revenues—Finance revenues mainly include revenues from finance leases, installment loans, and financial guarantees.

(1) Revenues from finance leases

Lessor leases consist of leases for various equipment types, including office equipment, industrial machinery, transportation equipment and real estate. Net investment in leases includes sales-type leases and direct financing leases which are full-payout leases. Leases not qualifying as sales-type leases or direct financing leases are accounted for as operating leases. Interest income on net investment in leases is recognized over the life of each respective lease using the interest method. When lease payment is variable, it is accounted for as income in profit or loss in the period when the changes in facts and circumstances on which the variable payment is based occur. When providing leasing services, the Company and its subsidiaries simultaneously conduct supplementary businesses, such as handling taxes and paying insurance on leased assets on behalf of lessees. The repayment of lessor costs received from lessees are recognized in revenues from finance leases and those underlying costs are recognized in other (income) and expense. The estimated unguaranteed residual value represents estimated proceeds from the disposition of equipment at the time the lease is terminated. Estimates of residual values are determined based on market values of used equipment, estimates of when and the extent to which equipment will become obsolete and actual recovery being experienced for similar used equipment. Initial direct costs of sales-type leases and direct financing leases are being deferred and amortized as a yield adjustment over the life of the related lease by using interest method. The unamortized balance of initial direct costs of sales-type leases and direct financing leases is reflected as a component of net investment in leases.

(2) Revenues from installment loans

Interest income on installment loans is recognized on an accrual basis. Certain related direct loan origination costs, net of loan origination fees, are being deferred and amortized over the contractual term of the loan as an adjustment of the related loan's yield using the interest method. Interest payments received on loans other than purchased loans are recorded as interest income unless the collection of the remaining investment is doubtful at

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

which time payments received are recorded as reductions of principal. For purchased loans, although the acquired assets may remain loans in legal form, collections on these loans often do not reflect the normal historical experience of collecting delinquent accounts, and the need to tailor individual collateral-realization strategies often makes it difficult to reliably estimate the amount, timing, or nature of collections. Accordingly, the Company and its subsidiaries use the cost recovery method of income recognition for such purchased loans.

(3) Revenues from financial guarantees

At the inception of a guarantee, fair value for the guarantee is recognized as a liability in the consolidated balance sheets. The Company and its subsidiaries recognize revenue mainly over the term of guarantee by a systematic and rational amortization method as the Company and its subsidiaries are released from the risk of the obligation.

(4) Non-accrual policy

In common with all classes, for net investment in leases and installment loans, past-due financing receivables are receivables for which principal or interest is past-due 30 days or more. Loans whose terms have been modified are not classified as past-due financing receivables if the principal and interest are not past-due 30 days or more in accordance with the modified terms. The Company and its subsidiaries suspend accruing revenues on past-due installment loans and net investment in leases when principal or interest is past-due 90 days or more, or earlier, if management determines that their collections are doubtful based on factors such as individual debtors' creditworthiness, historical loss experience, current delinquencies and delinquency trends. However, delinquencies during the relevant period of past-due financing receivables are out of the scope of the suspension of revenue recognition unless their collections are doubtful when the government issues a request for grace of repayment within a maximum of 6 months due to reasons that cannot be attributed to the obligor, such as a disaster, or when similar requests are made by public bodies. Accrued but uncollected interest is reclassified to net investment in leases or installment loans in the accompanying consolidated balance sheets and becomes subject to the allowance for credit losses process. The Company and its subsidiaries return non-accrual loans and net investment in leases to accrual status when it becomes probable that the Company and its subsidiaries will be able to collect all amounts due according to the contractual terms of these loans and receivables, as evidenced by continual payments from the debtors. The period of such continual payments before returning to accrual status varies depending on factors that we consider are relevant in assessing the debtors' creditworthiness, such as the debtors' business characteristics and financial conditions as well as relevant economic conditions and trends.

Operating leases—Revenues from operating leases are recognized on a straight-line basis over the lease term. When lease payment is variable, it is accounted for as income in profit or loss in the period when the changes in facts and circumstances on which the variable payment is based occur. In principle, any conditions changed from original lease agreement should be accounted for as a lease modification.

In providing leasing services, the Company and its subsidiaries simultaneously conduct supplementary businesses, such as handling taxes and paying insurance on leased assets on behalf of lessees. The compensation for those lessor costs received from lessees are recognized in operating lease revenues and those costs are recognized in costs of operating leases. Investment in operating leases is recorded at cost less accumulated depreciation. In addition, operating lease assets are depreciated over their estimated useful lives mainly on a straight-line basis. The estimated average useful lives of principal operating lease assets classified as transportation equipment is 7 years, measuring and information-related equipment is 4 years, real estate (other than land) is 29 years and other is 8 years. Depreciation expenses are included in costs of operating leases. Gains or losses arising from dispositions of operating lease assets are included in operating lease revenues.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Estimates of residual values are based on market values of used equipment, estimates of when and the extent to which equipment will become obsolete and actual recovery being experienced for similar used equipment. Initial direct costs of operating leases are being deferred and amortized as a straight-line basis over the lease term. The unamortized balance of initial direct costs is reflected as investment in operating leases.

(f) Insurance and reinsurance transactions

The policies are classified as long-duration contracts and mainly consist of whole life, term life, endowments, medical insurance and individual annuity insurance contracts. Income from insurance policies other than single-payment whole life insurance and individual annuities is recognized as income when due, net of reinsurance premiums paid. Life insurance benefits are recorded as expenses when they are incurred. The calculation of liabilities for future policy benefits other than single-payment whole life insurance and individual annuities is computed using the same contract groupings (also referred to as cohorts) by policy year, currency, payment method (full term payment or limited payment) and product category and the liabilities for future policy benefits are computed using the net level premium method based on expected future policy benefit payments. A liability is recorded for the present value of expected future policy insurance benefits to be paid and certain related costs, less the present value of expected future net premium to be earned, at the time the premium revenue is recognized. For limited payment contracts, the excess of gross premiums received over net premium is recorded as a deferred profit liability.

The liabilities for future policy benefits are measured using assumptions such as mortality, morbidity, lapse, expense and discount rates. These assumptions are determined based on historical experience, industry data and other factors. Certain subsidiaries review and update future cash flow assumptions at least annually except for expense assumptions. Certain subsidiaries elected to lock in and not to update expense assumptions after expense assumptions are determined based on the most recent actual results at the time of contract issuance. The net premium ratios for calculating the liabilities for future policy benefits are also updated quarterly by cohort, reflecting actual cash flows. Certain subsidiaries remeasure the liabilities for future policy benefits using the updated net premium ratios as of the beginning of the reporting period in which the assumptions are updated and record the change from the remeasurement as gains or losses in life insurance costs in the consolidated statements of income. For periods subsequent to the remeasurement, certain subsidiaries calculate the liabilities for future policy benefits using updated net premium ratios. If net premiums exceed gross premiums, the liabilities for future policy benefits are increased and the excess is recognized immediately in earnings through life insurance costs in the consolidated statement of income.

Certain subsidiaries use a yield curve based on the yields on single-A rated fixed-income instruments as upper-medium grade fixed-income instrument yields with durations similar to the liabilities for future policy benefits to determine discount rate assumptions. The yields on single-A rated fixed-income instruments are referenced in the index provided by a third-party pricing vendor. The discount rate assumptions are updated quarterly and are used for remeasurement of the liability at the reporting date. Changes in the liabilities for future policy benefits resulting from updates of discount rate assumptions are recognized in other comprehensive income (loss), net of applicable income tax. For periods beyond the observable period of the referenced index, the discount rate yield curve beyond the observable period of the referenced index is interpolated to the ultimate forward rate using the Smith-Wilson method.

The insurance contracts sold by certain subsidiaries include variable annuity, variable life, single-payment whole life insurance and fixed annuity insurance contracts. Certain subsidiaries manage investment assets on behalf of variable annuity and variable life policyholders, which consist of equity securities and are included in investment in securities in the consolidated balance sheets. These investment assets are measured at fair value

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

with realized and unrealized gains or losses recognized in life insurance premiums and related investment income in the consolidated statements of income. Certain subsidiaries elected the fair value option for the entire variable annuity and variable life insurance contracts with changes in the fair value recognized in life insurance costs.

Certain subsidiaries provide minimum guarantees to variable annuity and variable life policyholders under which it is exposed to the risk of compensating losses incurred by the policyholders to the extent contractually required. To mitigate the risk, a portion of the minimum guaranteed risk related to variable annuity and variable life insurance contracts is ceded to reinsurance companies and the remaining risk is economically hedged by entering into derivative contracts. The reinsurance contracts do not relieve certain subsidiaries from the obligation as the primary obligor to compensate certain losses incurred by the policyholders, and the default of the reinsurance companies may impose additional losses on certain subsidiaries. Certain subsidiaries have elected the fair value option for certain reinsurance contracts relating to variable annuity and variable life insurance contracts, which are included in other assets in the consolidated balance sheets.

Policy liabilities and policy account balances for single-payment whole life insurance and fixed annuity insurance contracts are measured based on the single-premiums plus interest based on expected rate, less withdrawals, expenses and other charges. The credited interest is recorded in life insurance costs in the consolidated statements of income.

Certain costs related directly to the successful acquisition of new or renewal insurance contracts are deferred. Deferred policy acquisition costs consist primarily of agent commissions, except for policy maintenance costs, and underwriting expenses. For amortization of deferred policy acquisition costs, insurance contracts are grouped by contract year, currency, payment method (full term payment or limited payment) and product category, using the same contract groupings for the calculation of the liabilities for future policy benefits. Insurance contracts for which the liabilities for future policy benefits are not calculated are grouped by policy year, currency, and product category.

Deferred policy acquisition costs are amortized at constant-level basis for each cohort over the expected term of the policies, and the amortization is recorded in life insurance costs in the consolidated statements of income.

For all cohorts, the number of policies in force for the amortization of deferred policy acquisition costs is projected using mortality and lapse rates estimated based on historical experience, industry data and other factors, which are consistent with those assumptions used for calculating the liabilities for future policy benefits. When mortality and lapse rates are updated, the effects on the amortization of deferred policy acquisition costs are derived by updating the projected number of policies in force and recognized prospectively over the expected term of the policies.

Certain reinsurance commissions (income) corresponding to expenses directly to the successful acquisition of new or renewal of insurance contracts are similarly deferred and amortized in accordance with the above. These amounts are deducted from the unamortized balance of deferred acquisition costs related to the contracts subject to the reinsurance contract.

(g) Allowance for credit losses

The allowance for credit losses estimates credit losses expected to occur in the future over the remaining life of net investment in leases, financial assets measured at amortized cost, such as installment loans and other receivables, and is recognized based on management judgement. Expected prepayments are reflected in the remaining life. The allowance for credit losses is increased by provision charged to income and is decreased by charge-offs, net of recoveries mainly.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Developing the allowance for credit losses is subject to numerous estimates and judgments. In evaluating the appropriateness of the allowance, management considers various factors, including the business characteristics and financial conditions of the obligors, prior charge-off experience, current delinquencies and delinquency trends, value of underlying collateral and guarantees, current economic and business conditions and expected outlook in the future.

The Company and its subsidiaries estimate the allowance for credit losses by using various methods according to these estimates and judgments. When certain financial assets have similar risk characteristics to other financial assets, these financial assets are collectively evaluated as a pool. On the contrary, when financial assets do not have similar risk characteristics to other financial assets, the financial assets are evaluated individually. The Company and its subsidiaries select the most appropriate calculation method based on available information, such as the nature and related risk characteristics on financial assets, the prior charge-off experience and future forecast scenario with correlated economic indicators.

The Company and its subsidiaries charge off doubtful receivables when the likelihood of any future collection is believed to be minimal considering debtors' creditworthiness and the liquidation status of collateral, etc.

In addition, if the entity has a present contractual obligation to extend the credit and the obligation is not unconditionally cancelable by the entity, credit losses related the loan commitments of installment loans and financial guarantees are in the scope of the allowance for credit losses. For the loan commitments of installment loans, credit losses are recognized on the loan commitments for the portion expected to be drawn. For financial guarantees, the allowance is recognized for the contingent obligation which generates credit risk exposures. The allowance for off-balance sheet credit exposures is measured using the same measurement objectives as the allowance for loans and net investment leases, considering quantitative and qualitative factors including historical loss experience, current economic and business conditions and reasonable and supportable forecasts. The allowance for off-balance sheet credit exposure is accounted for in other liabilities on the consolidated balance sheets.

(h) Impairment of long-lived assets

The Company and its subsidiaries perform a recoverability test for long-lived assets to be held and used in operations, including tangible assets and intangible assets being depreciated or amortized, consisting primarily of office buildings, condominiums, aircraft, ships, mega solar facilities and other properties under facility operations, whenever events or changes in circumstances indicate that the assets might be impaired. The assets are considered not recoverable when the undiscounted future cash flows estimated to be generated by those assets are less than the carrying amount of those assets. The carrying amount of assets not recoverable is reduced to fair value if lower than the carrying amount. The Company and its subsidiaries determine the fair value using appraisals prepared by independent third party appraisers or our own staff of qualified appraisers, and others based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flows methodologies using future cash flows estimated to be generated from operation of the existing assets or completion of development projects, as appropriate.

(i) Investment in securities

Equity securities are generally reported at fair value with unrealized gains and losses included in income. Equity securities without readily determinable fair values are recorded at fair value at its cost minus impairment, if any, plus or minus changes resulting from observable price changes under the election of the measurement alternative, except for investments which are valued at net asset value per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Equity securities elected to apply the measurement alternative are written down to its fair value with losses included in income if a qualitative assessment indicates that the investment is impaired and the fair value of the investment is less than its carrying value.

In addition, investments are recorded at fair value with unrealized gains and losses included in income if certain subsidiaries elect the fair value option.

Trading debt securities are reported at fair value with unrealized gains and losses included in income.

Available-for-sale debt securities are reported at fair value, and unrealized gains or losses are recorded in other comprehensive income (loss), net of applicable income taxes, except for investments which are recorded at fair value with unrealized gains and losses included in income by electing the fair value option.

For available-for-sale debt securities, if the fair value is less than the amortized cost, the debt securities are impaired. The Company and its subsidiaries identify per each impaired security whether the decline of fair value is due to credit losses component or non-credit losses component. Impairment related to credit losses is recognized in earnings through an allowance for credit losses. Impairment related to other factors than credit losses is recognized in other comprehensive income (loss), net of applicable income taxes. In estimating an allowance for credit losses, the Company and its subsidiaries consider that credit losses exist when the present value of estimated cash flows is less than the amortized cost basis. When the Company and its subsidiaries intend to sell the debt securities for which an allowance for credit losses is previously established or it is more likely than not that the Company and its subsidiaries will be required to sell the debt securities before recovery of the amortized cost basis, the allowance for credit losses is fully written off and the amortized cost is reduced to the fair value after recognizing additional impairment in earnings. In addition, the Company and its subsidiaries recognize in earnings the full difference between the amortized cost and the fair value of the debt securities by direct write-down, without any allowance for credit losses, if the debt securities are expected to be sold and the fair value is less than the amortized cost.

(j) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date. The Company and its subsidiaries release to earnings stranded income tax effects in accumulated other comprehensive income (loss) resulting from changes in tax laws or rates or changes in judgment about realization of a valuation allowance on a specific identification basis when the individual items are completely sold or terminated. A valuation allowance is recognized, based on the weight of available evidence, to reduce deferred tax assets to the amount that is “more likely than not” to be realized.

The Company and its subsidiaries file tax returns in Japan and certain foreign tax jurisdictions and recognize the financial statement effects of a tax position taken or expected to be taken in a tax return when it is more likely than not, based on the technical merits, that the position will be sustained upon tax examination, including resolution of any related appeals or litigation processes, and measure tax positions that meet the recognition threshold as the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with the taxing authority. The Company and its subsidiaries present an unrecognized tax benefit either as a

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

reduction of a deferred tax asset or as a liability, based on the intended method of settlement. The Company and its subsidiaries classify penalties and interest expense related to income taxes as part of provision for income tax expense in the consolidated statements of income.

The Company and certain subsidiaries have applied the Japanese Group Relief System for national corporation tax purposes.

(k) Securitized assets

The Company and its subsidiaries have securitized and sold to investors various financial assets such as lease receivables and loan receivables. In the securitization process, the assets to be securitized are sold to SPEs, that issue asset-backed beneficial interests and securities to the investors.

SPEs used in securitization transactions are consolidated if the Company and its subsidiaries are the primary beneficiary of the SPEs, and the transfers of the financial assets to those consolidated SPEs are not accounted for as sales. Assets held by consolidated SPEs continue to be accounted for as lease receivables or loan receivables, as they were before the transfer, and asset-backed beneficial interests and securities issued to the investors are accounted for as debt. When the Company and its subsidiaries have transferred financial assets to a transferee that is not subject to consolidation, the Company and its subsidiaries account for the transfer as a sale if control over the transferred assets is surrendered.

The Company and certain subsidiaries originate and sell loans into the secondary market, while retaining the obligation to service those loans. In addition, a certain subsidiary undertakes obligations to service loans originated by others. The subsidiary recognizes servicing assets if it expects the benefit of servicing to more than adequately compensate it for performing the servicing or recognizes servicing liabilities if it expects the benefit of servicing to less than adequately compensate it. These servicing assets and liabilities are initially recognized at fair value and subsequently accounted for using the amortization method whereby the assets and liabilities are amortized in proportion to and over the period of estimated net servicing income or net servicing loss. On a quarterly basis, servicing assets and liabilities are evaluated for impairment or increased obligations. The fair value of servicing assets and liabilities is estimated using an internal valuation model, or by obtaining an opinion of value from an independent third-party vendor. Both methods are based on calculating the present value of estimated future net servicing cash flows, taking into consideration discount rates, prepayment rates and servicing costs. The internal valuation model is validated at least semiannually through third-party valuations.

(l) Derivative financial instruments

The Company and its subsidiaries recognize all derivatives on the consolidated balance sheets at fair value. The accounting treatment of subsequent changes in the fair value depends on their use, and whether they qualify as effective “hedges” for accounting purposes. Derivatives for the purpose of trading or economic hedges that have not qualified for hedge accounting are adjusted to fair value through the consolidated statements of income. If derivatives have qualified for hedge accounting, then depending on its nature, changes in its fair value will be either offset against changes in the fair value of hedged assets or liabilities through the consolidated statements of income, or recorded in other comprehensive income (loss), net of applicable income taxes.

If a derivative is held as a hedge of the variability of fair value related to a recognized asset or liability or an unrecognized firm commitment (“fair value” hedge), changes in the fair value of the derivative are recorded in earnings along with the changes in the fair value of the hedged item.

If a derivative is held as a hedge of the variability of cash flows related to a forecasted transaction or a recognized asset or liability (“cash flow” hedge), changes in the fair value of the derivative are recorded in other

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

comprehensive income (loss), net of applicable income taxes, until earnings are affected by the variability in cash flows of the designated hedged item.

If a derivative is held as a hedge of a net investment in a foreign operation, changes in the fair value of the derivative are recorded in the foreign currency translation adjustments account within other comprehensive income (loss), net of applicable income taxes.

The Company and its subsidiaries select either the amortization approach or the fair value approach, depending on the type of hedging activity, for the initial value of the component excluded from the assessment of effectiveness, and recognize it through the consolidated statements of income. When the amortization approach is adopted, the change in fair value is recognized in earnings using a systematic and rational method over the life of the hedging instrument and then any difference between the change in fair value and the amount recognized in earnings is recognized in other comprehensive income (loss), net of applicable income taxes. When the fair value approach is adopted, the change in the fair value is immediately recognized through the consolidated statements of income.

For all hedging relationships that are designated and qualified for hedge accounting, at the inception of the hedge, the Company and its subsidiaries formally document the details of the hedging relationship and the hedging activity. The Company and its subsidiaries formally assess, both at the hedge's inception and on an ongoing basis, the effectiveness of the hedge relationship. The Company and its subsidiaries cease hedge accounting prospectively when the derivative no longer qualifies for hedge accounting.

(m) Pension plans

The Company and certain subsidiaries have contributory and non-contributory pension plans covering substantially all of their employees. Among the plans, the costs of defined benefit pension plans are accrued based on amounts determined using actuarial methods, with assumptions of discount rate, rate of increase in compensation level, expected long-term rate of return on plan assets and others.

The Company and its subsidiaries also recognize the funded status of pension plans, measured as the difference between the fair value of plan assets and the benefit obligation, on the consolidated balance sheets. Changes in that funded status are recognized in the year in which the changes occur through other comprehensive income (loss), net of applicable income taxes.

(n) Stock-based compensation

In principle, the Company and its subsidiaries measure stock-based compensation expense as consideration for services provided by employees based on the fair value on the grant date. The costs are recognized over the requisite service period.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits placed with banks and short-term highly liquid investments with original maturities of three months or less.

(p) Property under facility operations

Property under facility operations consist primarily of operating facilities (including hotels) and environmental assets (including mega solar, wind power plants and coal-biomass co-fired power plants), which

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

are stated at cost less accumulated depreciation, and depreciation is calculated mainly on a straight-line basis over the estimated useful lives of the assets. Depreciation expenses in fiscal 2023, 2024 and 2025 were ¥34,622 million, ¥35,615 million and ¥41,671 million, respectively. Accumulated depreciation was ¥205,320 million and ¥238,185 million as of March 31, 2024 and 2025, respectively. Estimated useful lives range up to 50 years for buildings, up to 60 years for structures and up to 44 years for others.

(q) Inventories

Inventories consist primarily of residential condominiums under development, completed residential condominiums (including those waiting to be delivered to buyers under the contract for sale), and merchandise for sale. Residential condominiums under development are carried at cost less any impairment losses, and completed residential condominiums and merchandise for sale are stated at the lower of cost or fair value less cost to sell. The cost of inventories that are unique and not interchangeable is determined on the specific identification method and the cost of other inventories is principally determined on the average method. As of March 31, 2024 and 2025, residential condominiums under development were ¥118,458 million and ¥116,416 million, respectively, and completed residential condominiums and merchandise for sale were ¥108,901 million and ¥112,813 million, respectively.

(r) Office facilities

Office facilities are stated at cost less accumulated depreciation. Depreciation is calculated on a declining-balance basis or straight-line basis over the estimated useful lives of the assets. Depreciation expenses in fiscal 2023, 2024 and 2025 were ¥8,373 million, ¥9,256 million and ¥9,842 million, respectively. Accumulated depreciations were ¥84,364 million and ¥65,155 million as of March 31, 2024 and 2025, respectively. Estimated useful lives range up to 62 years for buildings and structures and up to 46 years for machinery and equipment.

(s) Right-of-use assets

The Company and its subsidiaries record the ROU assets recognized from the lessee's lease transaction as investment in operating leases, property under facility operations and office facilities. Lease liabilities are included in other liabilities.

ROU assets are consisted of the amount of the initial measurement of the lease liability and any lease payments made to the lessor at or before the commencement date and stated at cost less accumulated amortization. The initial measurement of the lease liability is at the present value of the lease payments not yet paid, discounted using the lessee's incremental borrowing rate at lease commencement. ROU assets of finance leases are amortized mainly on a straight-line basis over the lease term. ROU assets of operating leases are amortized over the lease term by the fixed term operating cost minus the interest cost. Amortization of ROU assets of finance leases and operating leases expenses are included in costs of operating leases, services expense and selling, general and administrative expenses.

(t) Other assets

Other assets consist primarily of goodwill and other intangible assets in acquisitions, reinsurance recoverables in relation to reinsurance contracts, deferred insurance policy acquisition costs which are amortized over the contract periods, leasehold deposits, advance payments made in relation to construction of real estate under operating leases and property under facility operations, prepaid benefit cost, prepaid expenses for property tax, maintenance fees and insurance premiums in relation to lease contracts, servicing assets, derivative assets, contract assets related to real estate contract works and deferred tax assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

(u) Business combinations

The Company and its subsidiaries account for all business combinations using the acquisition method. Under the acquisition method, the assets acquired and liabilities assumed are recognized and measured based on their fair values at the date control is obtained. The Company and its subsidiaries recognize intangible assets acquired in a business combination apart from goodwill if the intangible assets meet one of two criteria—either the contractual-legal criterion or the separately identifiable criterion. Goodwill is measured as an excess of the aggregate of consideration transferred and the fair value of noncontrolling interests over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed in the business combination measured at fair value. The Company and its subsidiaries would recognize a bargain purchase gain when the amount of recognized net assets exceeds the sum of consideration transferred and the fair value of noncontrolling interests. In a business combination achieved in stages, the Company and its subsidiaries remeasure their previously held equity interest at their acquisition-date fair value and recognize the resulting gain or loss, if any, in earnings.

The measurement of the fair value of identifiable assets acquired and liabilities assumed in a business combination may require significant judgments, assumptions, and estimates. For intangible assets acquired in a business combination, when observable market values are not available, the Company and its subsidiaries measure fair value using valuation techniques such as the excess earnings method and the royalty exemption method, which use future sales growth rates, operating margins, discount rates, etc.

(v) Goodwill and other intangible assets

The Company and its subsidiaries perform an impairment test for goodwill and any indefinite-lived intangible assets at least annually. Additionally, if events or changes in circumstances indicate that the asset might be impaired, the Company and its subsidiaries test for impairment whenever such events or changes occur.

The Company and its subsidiaries have the option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount before we perform a quantitative goodwill impairment test. The Company and its subsidiaries perform the qualitative assessment for some goodwill but bypass the qualitative assessment and proceed directly to the quantitative impairment test for other goodwill. For the goodwill for which the qualitative assessment is performed, if, after assessing the totality of events or circumstances, the Company and/or subsidiaries determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the Company and/or subsidiaries do not perform the quantitative goodwill impairment test. However, if the Company and/or subsidiaries conclude otherwise or determine to bypass the qualitative assessment, the Company and/or subsidiaries proceed to perform the quantitative goodwill impairment test. The quantitative goodwill impairment test calculates the fair value of the reporting unit and compares the fair value with the carrying amount of the reporting unit. If the fair value of the reporting unit falls below its carrying amount, an impairment loss is recognized in an amount equal to the difference. The Company and its subsidiaries test the goodwill at the reporting unit level which is either the same level as an operating segment level or one level below an operating segment.

The Company and its subsidiaries have the option to perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired before we perform a quantitative impairment test. The Company and its subsidiaries perform the qualitative assessment for some indefinite-lived intangible assets but bypass the qualitative assessment and perform the quantitative impairment test for other indefinite-lived intangible assets. For those indefinite-lived intangible assets for which the qualitative assessment is performed, if, after assessing the totality of events and circumstances, the Company and/or subsidiaries conclude that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Company and/or subsidiaries do not perform the quantitative impairment test. However, if the Company and/or subsidiaries conclude otherwise or determine to bypass the qualitative assessment, the Company and/or subsidiaries calculate the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test. We compare the fair value with the carrying amount of the indefinite-lived intangible asset. If the carrying amount of the indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Intangible assets with finite lives are amortized over their useful lives and tested for impairment. The Company and its subsidiaries perform a recoverability test for the intangible assets whenever events or changes in circumstances indicate that the assets might be impaired. The intangible assets are considered not recoverable when the undiscounted future cash flows estimated to be generated by those assets are less than the carrying amount of those assets, and the net carrying amount of assets not recoverable is reduced to fair value if lower than the carrying amount and an impairment loss is recognized in an amount equal to the difference.

(w) Other Liabilities

Other liabilities include primarily lease liabilities recognized from the lessee's lease transaction, accrued expenses related to interest and bonus, accrued benefit liability, advances received from lessees in relation to lease contracts, deposits received from real estate transaction, contract liabilities mainly related to automobile maintenance services and maintenance services of software, measurement equipment and other, and derivative liabilities and allowance for credit losses on off-balance sheet credit exposures.

(x) Earnings per share

Basic earnings per share is computed by dividing net income attributable to ORIX Corporation shareholders by the weighted average number of shares of outstanding common stock in each period. Diluted earnings per share is calculated by reflecting the potential dilution that could occur if securities or other contracts issuing common stock were exercised or converted into common stock.

(y) Redeemable noncontrolling interests

Noncontrolling interests in a certain subsidiary are redeemable interests which are subject to call and put rights upon certain equity holder events. As redemption of the noncontrolling interest is not solely in the control of the subsidiary, it is recorded between liabilities and equity on the consolidated balance sheets at its estimated redemption value.

(z) New accounting pronouncements

In June 2022, Accounting Standards Update 2022-03 ("Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions"—ASC 820 ("Fair Value Measurement")) was issued. This update clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value of an equity security. This update also clarifies that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. This update also requires new disclosures for equity securities subject to contractual sale restrictions. The new disclosure shall include; (1) the fair value of equity securities subject to contractual sale restrictions reflected in the balance sheet, (2) the nature and remaining duration of the restrictions, and (3) the circumstances that could cause a lapse in the restrictions. This update is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Early adoption is permitted. This update should be applied

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

prospectively for fair value measurement and disclosures from the adoption of the amendments. The Company and its subsidiaries adopted this update on April 1, 2024. The adoption of this update had no material impact on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

In March 2023, Accounting Standards Update 2023-01 ("Common Control Arrangements") was issued as the amendments to ASC 842 ("Leases"). This update requires that leasehold improvements associated with common control leases are amortized by the lessee over the useful life of the leasehold improvements to the common control group (regardless of the lease term), as long as the lessee controls the use of the underlying asset (the leased asset) through a lease. And this update provides a practical expedient for private companies to determine whether a related party arrangement between entities under common control is a lease, or to determine the classification of and accounting for that lease when the arrangement is a lease. This update is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Early adoption is permitted. The Company and its subsidiaries adopted this update on April 1, 2024 choosing the option to apply the amendments prospectively to leases that commence or are modified on or after the date that an entity first applies the amendments. The adoption of this update had no material impact on the Company and its subsidiaries' results of operations or financial position.

In March 2023, Accounting Standards Update 2023-02 ("Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method") was issued as the amendments to ASC 323 ("Investments—Equity Method and Joint Ventures"). This update expands the investments eligible to elect to apply the proportional amortization method to tax equity investments in similar tax credit programs other than the low-income housing tax credit (LIHTC). Disclosures are required on an interim and annual basis for tax equity investments in tax credit programs for which the proportional amortization method (including investments within that elected program that do not meet the conditions to apply the proportional amortization method) is elected. This update is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted. The Company and its subsidiaries adopted this update on April 1, 2024 on a modified retrospective transition method, resulting in a cumulative-effect adjustment to retained earnings as of the fiscal year of adoption. The effects of adopting this update on the Company and its subsidiaries' financial position at the adoption date were a decrease of ¥157 million in other assets and a decrease of ¥157 million in retained earnings in the consolidated balance sheets. The adoption of this update did not have any material effect on the Company and its subsidiaries' disclosures.

In August 2023, Accounting Standards Update 2023-05 ("Recognition and Initial Measurement"—Subtopic 805-60 ("Business Combinations—Joint Venture Formations")) was issued. This update clarifies the basis of accounting for joint ventures upon formation and requires a joint venture to recognize and initially measure its net assets at fair value on its formation date. This update also requires joint ventures to make disclosures related to their formation. This update does not amend the definition of a joint venture or the accounting by an equity method investor for its investment in a joint venture. This update is effective prospectively for all joint venture formations with a formation date on or after January 1, 2025. Early adoption is permitted. The Company and its subsidiaries adopted this update on January 1, 2025. The adoption of this update had no material impact on the Company and its subsidiaries' results of operations or financial position.

In November 2023, Accounting Standards Update 2023-07 ("Improvements to Reportable Segment Disclosures") was issued. This update requires improved disclosures for reportable segments, primarily through enhanced disclosures about significant segment expenses. This update is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company and its subsidiaries adopted this update for annual disclosure requirements from the consolidated fiscal year beginning on

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

April 1, 2024, and have disclosed segment expenses disaggregated into prescribed categories in Note 32 “Segment Information.” The Company and its subsidiaries plan to adopt the interim disclosure requirements from the consolidated fiscal year beginning on April 1, 2025. Since this update relates to disclosure requirements, the adoption did not have any effect on the Company and its subsidiaries’ results of operations or financial position.

In December 2023, Accounting Standards Update 2023-08 (“Accounting for and Disclosure of Crypto Assets”—Subtopic 350-60 (“Intangibles—Goodwill and Other—Crypto Assets”)) was issued. This update requires that crypto assets within the scope of this Subtopic generally be remeasured at fair value at the end of the reporting period and that changes in carrying amount due to remeasurement be recognized in the income statement. It also requires new disclosures about crypto assets within the scope of this Subtopic. This update is effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. Early adoption is permitted. The Company and its subsidiaries will adopt this update on April 1, 2025. The Company and its subsidiaries expect that the adoption of this update will have no material impact on the Company and its subsidiaries’ results of operations or financial position, as well as disclosures.

In December 2023, Accounting Standards Update 2023-09 (“Improvements to Income Tax Disclosures”—ASC 740 (“Income Taxes”)) was issued. This update requires annual disclosure of income taxes. It requires disclosure of specific categories in the rate reconciliation and separate disclosure and additional information for reconciliation items that are equal to or greater than 5% of the amount computed by multiplying income (or loss) before income taxes by the applicable statutory income tax rate. It also requires disclosure of the amount of income taxes paid disaggregated by national, local and foreign. Additionally, it requires separate disclosure of the amount of income taxes paid disaggregated by each tax jurisdiction in which income taxes paid is equal to or greater than 5% of the total income taxes paid. This update is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company and its subsidiaries will adopt this update that requires annual disclosures on April 1, 2025. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries’ disclosures.

In March 2024, Accounting Standards Update 2024-01 (“Scope Application of Profits Interest and Similar Awards” – ASC 718 (“Compensation—Stock Compensation”)) was issued. This update clarifies how an entity should apply the scope guidance to determine whether profits interest and similar awards (“profits interests awards” from hereafter) should be accounted for in accordance with ASC 718 (“Compensation—Stock Compensation”). This update is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted. This update will either be applied retrospectively to all prior periods presented in the financial statements or prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies the amendments. The Company and its subsidiaries will adopt this update on April 1, 2025 using the option to apply amendments prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies the amendments. The Company and its subsidiaries expect that the adoption of this update will have no material impact on the Company and its subsidiaries’ results of operations or financial position, as well as disclosures.

In November 2024, Accounting Standards Update 2024-03 (“Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures”—(Subtopic 220-40)) was issued, and related update clarifying effective date was issued thereafter. This update requires that entities disclose purchases of inventory, employee compensation, depreciation, intangible asset amortization and depletion for each income statement line item that contains those expenses. It also requires specified expenses, gains or losses that are already disclosed under existing US GAAP to be included in the disclosure of the relevant expense captions, and any remaining amounts to be described qualitatively. Additionally, separate disclosures of total selling expenses and its definition are also required. This update is effective for fiscal years beginning after December 15, 2026 and interim periods beginning after December 15, 2027, and early adoption is permitted. This update will either be applied prospectively

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

to financial statements issued for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. The Company and its subsidiaries will adopt this update on April 1, 2027 for annual disclosure and on April 1, 2028 for interim disclosure. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' disclosures.

In November 2024, Accounting Standards Update 2024-04 ("Induced Conversions of Convertible Debt Instruments"—Subtopic 470-20 ("Debt—Debt with Conversion and Other Options")) was issued. This update clarifies the application requirements for accounting treatment when conversions are induced by incentives. This update is effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years, and early adoption is permitted. The Company and its subsidiaries will adopt this update on April 1, 2026. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

In May 2025, Accounting Standards Update 2025-03 ("Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity"—ASC 805 ("Business Combinations"), ASC 810 ("Consolidation")) was issued. This update requires an entity involved in an acquisition transaction effected primarily by exchanging equity interests when the legal acquiree is a VIE that meets the definition of a business to consider the factors in the guidance of Subtopic 805-10 ("Business Combinations—Overall") to determine which entity is the accounting acquirer. This update is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. This update requires that an entity apply the new guidance prospectively to any acquisition transaction that occurs after the initial application date. The Company and its subsidiaries will adopt this update on April 1, 2027. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position.

In May 2025, Accounting Standards Update 2025-04 ("Clarifications to Share-Based Consideration Payable to a Customer"—ASC 718 ("Compensation—Stock Compensation"), ASC 606 ("Revenue from Contracts with Customers")) was issued. This update revised the definition of the term performance conditions for share-based consideration payable to a customer, including conditions based on the volume or monetary amount of a customer's purchase of goods or services. When share-based consideration payable to a customer included service conditions, it eliminated the policy election permitting the entity to account for forfeitures as they occur, the entity is required to estimate the number of forfeitures expected to occur. Additionally, it clarifies that share-based consideration payable to a customer is not subject to the constraint on estimates of variable consideration in ASC 606. This update is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. This update will either be applied using a modified retrospective approach, with a cumulative-effect adjustment to retained earnings as of the fiscal year of adoption, or retrospectively to all prior periods presented in the financial statements. The Company and its subsidiaries will adopt this update on April 1, 2027. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

2. Fair Value Measurements

The Company and its subsidiaries classify and prioritize inputs used in valuation techniques to measure fair value into the following three levels:

Level 1—Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2—Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3—Unobservable inputs for the assets or liabilities.

The Company and its subsidiaries differentiate between those assets and liabilities required to be carried at fair value at every reporting period (“recurring”) and those assets and liabilities that are only required to be adjusted to fair value under certain circumstances (“nonrecurring”). The Company and its subsidiaries mainly measure certain loans held for sale, trading debt securities, available-for-sale debt securities, certain equity securities, derivatives, certain reinsurance recoverables, variable annuity and variable life insurance contracts, and certain accounts payable at fair value on a recurring basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following tables present recorded amounts of major financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2024 and 2025:

March 31, 2024

	Millions of yen			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Loans held for sale*1	¥ 129,959	¥ 0	¥ 33,393	¥ 96,566
Available-for-sale debt securities:	2,665,478	11,491	2,334,690	319,297
Japanese and foreign government bond securities*2	1,034,914	4,303	1,030,611	0
Japanese prefectural and foreign municipal bond securities	401,465	0	390,543	10,922
Corporate debt securities*3	844,579	7,188	831,805	5,586
CMBS and RMBS in the Americas	87,740	0	80,575	7,165
Other asset-backed securities and debt securities	296,780	0	1,156	295,624
Equity securities*4*5	415,607	108,964	143,786	162,857
Derivative assets:	72,986	52	66,433	6,501
Interest rate swap agreements	18,995	0	18,995	0
Options held/written and other	15,349	0	8,848	6,501
Futures, foreign exchange contracts	38,172	52	38,120	0
Foreign currency swap agreements	470	0	470	0
Netting*6	(47,496)	—	—	—
Net derivative assets	25,490	—	—	—
Other assets:	2,786	0	0	2,786
Reinsurance recoverables*7	2,786	0	0	2,786
Total	¥3,286,816	¥120,507	¥2,578,302	¥588,007
Liabilities:				
Derivative liabilities:	¥ 95,686	¥ 607	¥ 90,862	¥ 4,217
Interest rate swap agreements	3,728	0	3,728	0
Options held/written and other	14,394	0	10,177	4,217
Futures, foreign exchange contracts	70,997	607	70,390	0
Foreign currency swap agreements	6,563	0	6,563	0
Credit derivatives written	4	0	4	0
Netting*6	(47,496)	—	—	—
Net derivative Liabilities	48,190	—	—	—
Policy Liabilities and Policy Account Balances:	167,207	0	0	167,207
Variable annuity and variable life insurance contracts*8	167,207	0	0	167,207
Accounts Payable	14,136	0	0	14,136
Contingent Consideration	14,136	0	0	14,136
Total	¥ 277,029	¥ 607	¥ 90,862	¥185,560

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

March 31, 2025

	Millions of yen			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Loans held for sale*1	¥ 97,694	¥ 0	¥ 29,900	¥ 67,794
Available-for-sale debt securities:	2,607,637	12,243	2,377,740	217,654
Japanese and foreign government bond securities*2	1,092,526	7,510	1,085,016	0
Japanese prefectural and foreign municipal bond securities	406,830	0	395,952	10,878
Corporate debt securities*3	802,545	4,733	793,560	4,252
CMBS and RMBS in the Americas	106,751	0	99,669	7,082
Other asset-backed securities and debt securities	198,985	0	3,543	195,442
Equity securities*4*5	418,690	137,014	119,466	162,210
Derivative assets:	64,170	361	54,992	8,817
Interest rate swap agreements	17,869	0	17,869	0
Options held/written and other	15,767	0	6,950	8,817
Futures, foreign exchange contracts	20,964	361	20,603	0
Foreign currency swap agreements	9,570	0	9,570	0
Netting*6	(20,495)	—	—	—
Net derivative assets	43,675	—	—	—
Other assets:	2,586	0	0	2,586
Reinsurance recoverables*7	2,586	0	0	2,586
Total	<u>¥3,190,777</u>	<u>¥149,618</u>	<u>¥2,582,098</u>	<u>¥459,061</u>
Liabilities:				
Derivative liabilities:	¥ 56,038	¥ 129	¥ 55,257	¥ 652
Interest rate swap agreements	2,774	0	2,774	0
Options held/written and other	13,715	0	13,063	652
Futures, foreign exchange contracts	39,387	129	39,258	0
Foreign currency swap agreements	159	0	159	0
Credit derivatives written	3	0	3	0
Netting*6	(20,495)	—	—	—
Net derivative Liabilities	35,543	—	—	—
Policy Liabilities and Policy Account Balances:	136,257	0	0	136,257
Variable annuity and variable life insurance contracts*8	136,257	0	0	136,257
Accounts Payable	15,259	0	0	15,259
Contingent Consideration	15,259	0	0	15,259
Total	<u>¥ 207,554</u>	<u>¥ 129</u>	<u>¥ 55,257</u>	<u>¥152,168</u>

*1 A certain subsidiary elected the fair value option on certain loans held for sale. These loans are multi-family and seniors housing loans and are sold to Federal National Mortgage Association (“Fannie Mae”), Federal Home Loan Mortgage Corporation (“Freddie Mac”) and institutional investors. Included in “Other (income) and expense” in the consolidated statements of income were a loss of ¥2,429 million, a gain of ¥428 million and a loss of ¥1,052 million from the change in the fair value of the loans for fiscal 2023, 2024 and 2025,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

respectively. No gains or losses were recognized in earnings during fiscal 2023, 2024 and 2025 attributable to changes in instrument-specific credit risk. The amounts of aggregate unpaid principal balance and aggregate fair value of the loans held for sale as of March 31, 2024, were ¥130,554 million and ¥129,959 million, respectively, and the amount of the aggregate fair value was less than the amount of aggregate unpaid principal balance by ¥595 million. The amounts of aggregate unpaid principal balance and aggregate fair value of the loans held for sale as of March 31, 2025, were ¥98,135 million and ¥97,694 million, respectively, and the amount of the aggregate fair value was less than the amount of aggregate unpaid principal balance by ¥441 million. As of March 31, 2024, there were no loans that are 90 days or more past due or, in non-accrual status. The amounts of aggregate unpaid principal balance and aggregate fair value of loans that are 90 days or more past due or, in non-accrual status as of March 31, 2025, were ¥17,098 million and ¥16,346 million, respectively, and the amount of the aggregate fair value was less than the amount of aggregate unpaid principal balance by ¥752 million.

- *2 A certain subsidiary elected the fair value option for investments in foreign government bond securities included in available-for-sale debt securities. Included in “Gains on investment securities and dividends” in the consolidated statements of income were losses of ¥11 million, ¥6 million and ¥59 million from the change in the fair value of those investments for fiscal 2023, 2024 and 2025, respectively. The amount of aggregate fair value elected the fair value option were ¥1,000 million and ¥5,379 million as of March 31, 2024 and 2025, respectively.
- *3 A certain subsidiary elected the fair value option for investments in foreign corporate debt securities included in available-for-sale debt securities. Included in “Gains on investment securities and dividends” in the consolidated statements of income were a loss of ¥516 million, gains of ¥399 million and ¥441 million from the change in the fair value of those investments for fiscal 2023, 2024 and 2025, respectively. The amounts of aggregate fair value elected the fair value option were ¥7,751 million and ¥10,679 million as of March 31, 2024 and 2025, respectively.
- *4 Certain subsidiaries elected the fair value option for certain investments in investment funds and others included in equity securities. Included in “Gains on investment securities and dividends” and “Life insurance premiums and related investment income” in the consolidated statements of income were gains of ¥1,066 million, ¥3,269 million and ¥1,954 million from the change in the fair value of those investments for fiscal 2023, 2024 and 2025, respectively. The amounts of aggregate fair value elected the fair value option were ¥26,945 million and ¥24,960 million as of March 31, 2024 and 2025, respectively.
- *5 The amounts of investment funds measured at net asset value per share which are not included in the above tables were ¥85,280 million and ¥118,666 million as of March 31, 2024 and 2025, respectively.
- *6 It represents the amount offset under counterparty netting of derivative assets and liabilities.
- *7 Certain subsidiaries elected the fair value option for certain reinsurance contracts held. The fair value of the reinsurance contracts elected for the fair value option in other assets were ¥2,786 million and ¥2,586 million as of March 31, 2024 and 2025, respectively. For the effect of changes in the fair value of those reinsurance contracts on earnings for fiscal 2023, 2024 and 2025, see Note 23 “Income and Expenses Relating to Life Insurance Operations.”
- *8 Certain subsidiaries elected the fair value option for the entire variable annuity and variable life insurance contracts held. The fair value of the variable annuity and variable life insurance contracts elected for the fair value option in policy liabilities and policy account balances were ¥167,207 million and ¥136,257 million as of March 31, 2024 and 2025, respectively. For the effect of changes in the fair value of the variable annuity and variable life insurance contracts on earnings for fiscal 2023, 2024 and 2025, see Note 23 “Income and Expenses Relating to Life Insurance Operations.”

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following tables present the reconciliation of financial assets and liabilities (net) measured at fair value on a recurring basis using significant unobservable inputs (Level 3) in fiscal 2023, 2024 and 2025:

2023

Millions of yen											
	Balance at April 1, 2022	Included in earnings*1	Gains or losses (realized/unrealized) Included in other comprehensive income*2	Total	Purchases*3	Sales	Settlements*4	Transfers in and/ or out of Level 3 (net)	Balance at March 31, 2023	Change in unrealized gains or losses included in earnings for assets and liabilities still held at March 31, 2023*1	Change in unrealized gains or losses included in other comprehensive income for assets and liabilities still held at March 31, 2023*2
Loans held for sale	¥ 0	¥ 18	¥ 1,095	¥ 1,113	¥ 2,457	¥ (5,776)	¥ 0	¥176,055	¥173,849	¥ 18	¥ 1,095
Available-for-sale debt securities	141,060	3,788	1,238	5,026	116,175	(9,100)	(9,559)	0	243,602	3,458	1,713
Japanese prefectural and foreign municipal bond securities	3,053	0	278	278	0	0	0	0	3,331	0	278
Corporate debt securities	697	89	(1)	88	5,922	(1,554)	(416)	0	4,737	(16)	(0)
Other asset-backed securities and debt securities	137,310	3,699	961	4,660	110,253	(7,546)	(9,143)	0	235,534	3,474	1,435
Equity securities	112,972	22,823	9,647	32,470	7,191	(7,223)	(2,336)	0	143,074	22,113	9,514
Investment funds	112,972	22,823	9,647	32,470	7,191	(7,223)	(2,336)	0	143,074	22,113	9,514
Derivative assets and liabilities (net)	(3,772)	(2,845)	(1,207)	(4,052)	0	0	0	0	(7,824)	(2,845)	(1,207)
Options held/written and other	(3,772)	(2,845)	(1,207)	(4,052)	0	0	0	0	(7,824)	(2,845)	(1,207)
Other asset	5,214	(1,286)	0	(1,286)	1,153	0	(405)	0	4,676	(1,286)	0
Reinsurance recoverables*5	5,214	(1,286)	0	(1,286)	1,153	0	(405)	0	4,676	(1,286)	0
Policy Liabilities and Policy Account Balances	198,905	6,343	74	6,417	0	0	(28,754)	0	163,734	6,343	74
Variable annuity and variable life insurance contracts*6	198,905	6,343	74	6,417	0	0	(28,754)	0	163,734	6,343	74

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

2024

Millions of yen

	Gains or losses (realized/unrealized)							Transfers in and/ or out of Level 3 (net)	Balance at March 31, 2024	Change in unrealized gains or losses included in earnings for assets and liabilities still held at March 31, 2024*1	Change in unrealized gains or losses included in other comprehensive income for assets and liabilities still held at March 31, 2024*2
	Balance at April 1, 2023	Included in other comprehensive income*2		Total	Purchases*3	Sales	Settlements*4				
		Included in earnings*1									
Loans held for sale	¥173,849	¥ 566	¥18,937	¥ 19,503	¥ 4,467	¥(66,078)	¥(35,175)	¥ 0	¥ 96,566	¥ 0	¥18,937
Available-for-sale debt securities	243,602	13,906	17,117	31,023	68,295	(15,041)	(15,400)	6,818	319,297	12,918	18,018
Japanese prefectural and foreign municipal bond securities	3,331	(75)	866	791	0	0	(18)	6,818	10,922	(75)	809
Corporate debt securities	4,737	974	1	975	14	0	(140)	0	5,586	608	1
CMBS and RMBS in the Americas	0	0	286	286	6,879	0	0	0	7,165	0	282
Other asset-backed securities and debt securities	235,534	13,007	15,964	28,971	61,402	(15,041)	(15,242)	0	295,624	12,385	16,926
Equity securities	143,074	(841)	18,617	17,776	4,675	(495)	(2,173)	0	162,857	(1,097)	18,617
Investment funds	143,074	(841)	18,617	17,776	4,675	(495)	(2,173)	0	162,857	(1,097)	18,617
Derivative assets and liabilities (net)	(7,824)	10,595	(487)	10,108	0	0	0	0	2,284	10,595	(487)
Options held/written and other	(7,824)	10,595	(487)	10,108	0	0	0	0	2,284	10,595	(487)
Other asset	4,676	(2,711)	0	(2,711)	971	0	(150)	0	2,786	(2,711)	0
Reinsurance recoverables*5	4,676	(2,711)	0	(2,711)	971	0	(150)	0	2,786	(2,711)	0
Policy Liabilities and Policy Account Balances	163,734	(30,205)	(265)	(30,470)	0	0	(26,997)	0	167,207	(30,205)	(265)
Variable annuity and variable life insurance contracts*6	163,734	(30,205)	(265)	(30,470)	0	0	(26,997)	0	167,207	(30,205)	(265)
Accounts Payable:	12,576	(47)	(1,513)	(1,560)	0	0	0	0	14,136	(47)	(1,513)
Contingent Consideration	12,576	(47)	(1,513)	(1,560)	0	0	0	0	14,136	(47)	(1,513)

2025

Millions of yen

	Gains or losses (realized/unrealized)							Transfers in and/ or out of Level 3 (net)	Balance at March 31, 2025	Change in unrealized gains or losses included in earnings for assets and liabilities still held at March 31, 2025*1	Change in unrealized gains or losses included in other comprehensive income for assets and liabilities still held at March 31, 2025*2
	Balance at April 1, 2024	Included in other comprehensive income*2		Total	Purchases*3	Sales	Settlements*4				
		Included in earnings *1									
Loans held for sale	¥ 96,566	¥(1,778)	¥ (543)	¥ (2,321)	¥ 633	¥ 0	¥ (27,084)	¥0	¥ 67,794	¥ (708)	¥ (543)
Available-for-sale debt securities	319,297	1,336	(1,437)	(101)	99,785	(56,749)	(144,578)	0	217,654	370	(463)
Japanese prefectural and foreign municipal bond securities	10,922	(107)	82	(25)	0	0	(19)	0	10,878	(107)	82
Corporate debt securities	5,586	235	(17)	218	300	(1,712)	(140)	0	4,252	(73)	(17)
CMBS and RMBS in the Americas	7,165	0	(83)	(83)	0	0	0	0	7,082	0	(83)
Other asset-backed securities and debt securities	295,624	1,208	(1,419)	(211)	99,485	(55,037)	(144,419)	0	195,442	550	(445)
Equity securities	162,857	(8,129)	(2,089)	(10,218)	20,113	(656)	(9,886)	0	162,210	(8,163)	(2,099)
Investment funds and other	162,857	(8,129)	(2,089)	(10,218)	20,113	(656)	(9,886)	0	162,210	(8,163)	(2,099)
Derivative assets and liabilities (net)	2,284	5,480	401	5,881	0	0	0	0	8,165	5,480	401
Options held/written and other	2,284	5,480	401	5,881	0	0	0	0	8,165	5,480	401
Other asset	2,786	(1,027)	0	(1,027)	916	0	(89)	0	2,586	(1,027)	0
Reinsurance recoverables*5 ..	2,786	(1,027)	0	(1,027)	916	0	(89)	0	2,586	(1,027)	0
Policy Liabilities and Policy Account Balances	167,207	7,292	(48)	7,244	0	0	(23,706)	0	136,257	7,292	(48)
Variable annuity and variable life insurance contracts*6	167,207	7,292	(48)	7,244	0	0	(23,706)	0	136,257	7,292	(48)
Accounts Payable:	14,136	(1,235)	112	(1,123)	0	0	0	0	15,259	(1,235)	112
Contingent Consideration ..	14,136	(1,235)	112	(1,123)	0	0	0	0	15,259	(1,235)	112

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

- *1 Principally, gains and losses from available-for-sale debt securities are included in “Gains on investment securities and dividends”, “Write-downs of securities” or “Life insurance premiums and related investment income”; equity securities are included in “Gains on investment securities and dividends” and “Life insurance premiums and related investment income” and loans held for sale, derivative assets and liabilities (net), and accounts payable are included in “Other (income) and expense” respectively. Additionally, for available-for-sale debt securities, amortization of interest recognized in finance revenues is included in these columns.
- *2 Unrealized gains and losses from loans held for sale are included in “Net change of foreign currency translation adjustments”, unrealized gains and losses from available-for-sale debt securities are included in “Net change of unrealized gains (losses) on investment in securities” and “Net change of foreign currency translation adjustments”, unrealized gains and losses from equity securities and derivative assets and liabilities (net) are included mainly in “Net change of foreign currency translation adjustments”, unrealized gains and losses from policy liabilities and policy account balances are included in “Net change of debt valuation adjustments.”, unrealized gains and losses from accounts payable are included in “Net change of foreign currency translation adjustments”.
- *3 Increases resulting from an acquisition of a subsidiary and insurance contracts ceded to reinsurance companies are included.
- *4 Decreases resulting from the receipts of reimbursements for benefits, and decreases resulting from insurance payouts to variable annuity and variable life policyholders due to death, surrender and maturity of the investment period are included.
- *5 “Included in earnings” in the above table includes changes in the fair value of reinsurance contracts recorded in “Life insurance costs” and reinsurance premiums, net of reinsurance benefits received, recorded in “Life insurance premiums and related investment income.”
- *6 “Included in earnings” in the above table is recorded in “Life insurance costs” and includes changes in the fair value of policy liabilities and policy account balances resulting from gains or losses on the underlying investment assets managed on behalf of variable annuity and variable life policyholders, and the changes in the minimum guarantee risks relating to variable annuity and variable life insurance contracts as well as insurance costs recognized for insurance and annuity payouts as a result of insured events. For the information about policy account balances for variable annuity and variable life insurance contracts and market risk benefits as of and for the fiscal year ended March 31, 2024 and 2025, see Note 24 “Long-Duration Insurance Contracts Relating to Life Insurance Operations.”

In fiscal 2023, loans held for sale totaling ¥176,055 million were transferred from Level 2 to Level 3, since the inputs became unobservable.

In fiscal 2024, foreign municipal bond securities totaling ¥6,818 million were transferred from Level 2 to Level 3, since the inputs became unobservable.

In fiscal 2025, there were no transfers in or out of Level 3

The following tables present recorded amounts of assets measured at fair value on a nonrecurring basis during fiscal 2024 and 2025. These assets are measured at fair value on a nonrecurring basis mainly to recognize impairment:

2024

	Millions of yen			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Loans held for sale	¥ 1,706	¥ 0	¥ 1,706	¥ 0
Real estate collateral-dependent loans (net of allowance for credit losses)	5,535	0	261	5,274
Investment in operating leases and property under facility operations	1,205	0	0	1,205
Certain equity securities	18,484	0	18,484	0
Certain equity method investments	461	0	0	461
	<u>¥27,391</u>	<u>¥ 0</u>	<u>¥20,451</u>	<u>¥6,940</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

2025

	Millions of yen			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Real estate collateral-dependent loans (net of allowance for credit losses)	¥ 5,881	¥ 0	¥ 0	¥ 5,881
Investment in operating leases, property under facility operations and office facilities	8,105	0	0	8,105
Certain equity securities	15,193	0	15,193	0
Certain equity method investments	20,619	0	0	20,619
	<u>¥49,798</u>	<u>¥ 0</u>	<u>¥15,193</u>	<u>¥34,605</u>

The following is a description of the main valuation methodologies used for assets and liabilities measured at fair value.

Loans held for sale

Certain loans, which the Company and its subsidiaries have the intent and ability to sell to outside parties in the foreseeable future, are considered held-for-sale. The loans held for sale in the Americas are classified as Level 2, if the Company and its subsidiaries measure their fair value based on a market approach using inputs other than quoted prices that are observable for the assets such as treasury rate, swap rate and market spread. The loans held for sale in the Americas are classified as Level 3, if the Company and its subsidiaries measure their fair value based on discounted cash flow methodologies using inputs that are unobservable in the market.

Real estate collateral-dependent loans

The allowance for credit losses for large balance non-homogeneous loans is individually evaluated based on the present value of expected future cash flows, the loan's observable market price or the fair value of the collateral securing the loans if the loans are collateral-dependent. According to ASC 820 ("Fair Value Measurement"), measurement for loans with deterioration in credit quality determined using a present value technique is not considered a fair value measurement. However, measurement for loans with deterioration in credit quality determined using the loan's observable market price or the fair value of the collateral securing the collateral-dependent loans are fair value measurements and are subject to the disclosure requirements for nonrecurring fair value measurements.

The Company and its subsidiaries determine the fair value of the real estate collateral of real estate collateral-dependent loans using appraisals prepared by independent third party appraisers or our own staff of qualified appraisers based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flows methodologies using future cash flows estimated to be generated from operation of the existing assets or completion of development projects, as appropriate. The Company and its subsidiaries generally obtain a new appraisal once a fiscal year. In addition, the Company and its subsidiaries periodically monitor circumstances of the real estate collateral and then obtain a new appraisal in situations involving a significant change in economic and/or physical conditions, which may materially affect the fair value of the collateral. Real estate collateral-dependent loans whose fair values are estimated using appraisals of the underlying collateral based on these valuation techniques are classified as Level 3 because such appraisals

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

involve unobservable inputs. These unobservable inputs contain discount rates and cap rates as well as future cash flows estimated to be generated from real estate collateral. An increase (decrease) in the discount rate or cap rate and a decrease (increase) in the estimated future cash flows would result in a decrease (increase) in the fair value of real estate collateral-dependent loans.

Real estate collateral-dependent loans owned by a certain subsidiary are classified as Level 2, because fair value measurement is based on observable market prices.

Investment in operating leases, property under facility operations, office facilities and other assets, and land and buildings undeveloped or under construction

Investment in operating leases measured at fair value is mostly real estate. The Company and its subsidiaries determine the fair value of investment in operating leases, property under facility operations, office facilities and other assets, and land and buildings undeveloped or under construction using appraisals prepared by independent third party appraisers or the Company's own staff of qualified appraisers, and others based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flow methodologies using future cash flows estimated to be generated from operation of the existing assets or completion of development projects, as appropriate. The Company and its subsidiaries classified these assets as Level 3 because such appraisals involve unobservable inputs. These unobservable inputs contain discount rates as well as future cash flows estimated to be generated from the assets or projects. An increase (decrease) in the discount rate and a decrease (increase) in the estimated future cash flows would result in a decrease (increase) in the fair value of investment in operating leases and property under facility operations and land and buildings undeveloped or under construction.

Movable properties owned by a certain subsidiary are classified as Level 2, because fair value measurement is based on observable inputs other than quoted prices included within Level 1, such as prices for similar assets.

Trading debt securities and available-for-sale debt securities

If active market prices are available, fair value measurement is based on quoted active market prices and, accordingly, these securities are classified as Level 1. If active market prices are not available, fair value measurement is based on observable inputs other than quoted prices included within Level 1, such as prices for similar assets and accordingly these securities are classified as Level 2. If market prices are not available and there are no observable inputs, then fair value is estimated by using valuation models such as discounted cash flow methodologies, appraisals, or broker quotes. Such securities are classified as Level 3, as the valuation models, appraisals, or broker quotes are based on inputs that are unobservable in the market. If fair value is based on broker quotes, the Company and its subsidiaries check the validity of received prices based on comparison to prices of other similar assets and market data such as relevant benchmark indices.

The Company and its subsidiaries classified CMBS and RMBS in the Americas and other asset-backed securities and debt securities as Level 2 if the inputs such as trading price and/or bid price are observable. The Company and its subsidiaries classified CMBS and RMBS in the Americas and other asset-backed securities and debt securities as Level 3 if the Company and subsidiaries evaluate the fair value based on the unobservable inputs. In determining whether the inputs are observable or unobservable, the Company and its subsidiaries evaluate various factors such as the lack of recent transactions, price quotations that are not based on current information or vary substantially over time or among market makers, a significant increase in implied risk premium, a wide bid-ask spread, significant decline in new issuances, little or no public information (e.g. a principal-to-principal market) and other factors. With respect to certain CMBS and RMBS in the Americas and other asset-backed securities and debt securities, the Company and its subsidiaries classified these securities that

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

were measured at fair value based on the observable inputs such as trading price and/or bit price as Level 2. But for those securities that lacked observable trades because they are older vintage or below investment grade securities, the Company and its subsidiaries limit the reliance on independent pricing service vendors and brokers. As a result, the Company and its subsidiaries established internally developed pricing models using valuation techniques such as discounted cash flow model using Level 3 inputs in order to estimate fair value of these debt securities and classified them as Level 3. Under the models, the Company and its subsidiaries use anticipated cash flows of the security discounted at a risk-adjusted discount rate that incorporates our estimate of credit risk and liquidity risk that a market participant would consider. The cash flows are estimated based on a number of assumptions such as default rate and prepayment speed, as well as seniority of the security. An increase (decrease) in the discount rate or default rate would result in a decrease (increase) in the fair value of CMBS and RMBS in the Americas and other asset-backed securities and debt securities.

Equity securities and equity method investments

If active market prices are available, fair value measurement is based on quoted active market prices and, accordingly, these securities are classified as Level 1. If active market prices are not available, fair value measurement is based on observable inputs other than quoted prices included within Level 1, such as prices for similar assets and accordingly these securities are classified as Level 2. In addition, a certain Americas subsidiary measures its investments held by investment companies which are owned by the subsidiary at fair value. These investment funds, certain equity securities and certain equity method investments are classified as Level 3, because fair value measurement is based on the combination of discounted cash flow methodologies and market multiple valuation methods, appraisals, or broker quotes. Discounted cash flow methodologies use future cash flows to be generated from investees, weighted average cost of capital (WACC) and others. Market multiple valuation methods use earnings before interest, taxes, depreciation and amortization (EBITDA) multiples based on actual and projected cash flows, comparable peer companies, and comparable precedent transactions and others. Furthermore, certain subsidiaries elected the fair value option for investments in some funds. These investment funds for which the fair value option is elected are classified as level 3, because the subsidiaries measure their fair value using discounted cash flow methodologies, discounting to net asset value based on inputs that are unobservable in the market, appraisals, or broker quotes.

Derivatives

For exchange-traded derivatives, fair value is based on quoted market prices, and accordingly, classified as Level 1. For non-exchange traded derivatives, fair value is based on commonly used models and discounted cash flow methodologies. If the inputs used for these measurements including yield curves and volatilities, are observable, the Company and its subsidiaries classify it as Level 2. If the inputs are not observable, the Company and its subsidiaries classify it as Level 3. These unobservable inputs contain discount rates. An increase (decrease) in the discount rate would result in a decrease (increase) in the fair value of derivatives.

Reinsurance recoverables

Certain subsidiaries have elected the fair value option for certain reinsurance contracts related to variable annuity and variable life insurance contracts to partially offset the changes in fair value recognized in earnings of the policy liabilities and policy account balances attributable to the changes in the minimum guarantee risks of the variable annuity and variable life insurance contracts. These reinsurance contracts for which the fair value option is elected are classified as Level 3 because the subsidiaries measure their fair value using discounted cash flow methodologies based on inputs that are unobservable in the market.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Variable annuity and variable life insurance contracts

A certain subsidiary has elected the fair value option for the entire variable annuity and variable life insurance contracts held in order to match earnings recognized for changes in fair value of policy liabilities and policy account balances with the earnings recognized for gains or losses from the investment assets managed on behalf of variable annuity and variable life policyholders, derivative contracts and changes in fair value of reinsurance contracts. The changes in fair value of the variable annuity and variable life insurance contracts are linked to the fair value of the investment in securities managed on behalf of variable annuity and variable life policyholders. These securities consist mainly of equity securities traded in the market. In addition, variable annuity and variable life insurance contracts are exposed to the minimum guarantee risk, and the subsidiary adjusts the fair value of the underlying investments by incorporating changes in fair value of the minimum guarantee risk in the evaluation of the fair value of the entire variable annuity and variable life insurance contracts. The variable annuity and variable life insurance contracts for which the fair value option is elected are classified as Level 3 because the subsidiary measures the fair value using discounted cash flow methodologies based on inputs that are unobservable in the market.

Accounts payable (Contingent consideration)

A certain subsidiary records a part of consideration for acquiring noncontrolling interests of its subsidiary as accounts payable (contingent consideration), and it is classified as level 3 because fair value measurement is based on discounted cash flow methodologies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Information about Level 3 Fair Value Measurements

The following tables provide information about the valuation techniques and significant unobservable inputs used in the valuation of Level 3 assets and liabilities measured at fair value on a recurring basis as of March 31, 2024 and 2025.

March 31, 2024				
	Millions of yen			
	Fair value	Valuation technique(s)	Significant unobservable inputs	Range (Weighted average)
Assets:				
Loans held for sale	¥ 96,566	Discounted cash flows	Discount rate	7.7% – 13.0% (10.0%)
Available-for-sale debt securities:				
Japanese prefectural and foreign municipal bond securities	7,145	Discounted cash flows	Discount rate	4.9% – 10.5% (5.8%)
Corporate debt securities	3,777	Appraisals/Broker quotes	—	—
	140	Discounted cash flows	Discount rate	0.4% (0.4%)
	5,446	Appraisals/Broker quotes	—	—
CMBS and RMBS in the Americas	7,165	Appraisals/Broker quotes	—	—
Other asset-backed securities and debt securities	28,391	Discounted cash flows	Discount rate	0.3% – 51.2% (6.7%)
			Probability of default	1.9% (1.9%)
	267,233	Appraisals/Broker quotes	—	—
Equity securities:				
Investment funds	131,907	Discounted cash flows	WACC	12.8% – 26.4% (17.2%)
			EV/Terminal EBITDA multiple	7.5x–12.0x (9.5x)
		Market multiples	EV/Last twelve months EBITDA multiple	8.1x–9.5x (8.8x)
			EV/Forward EBITDA multiple	6.8x–9.6x (8.2x)
			EV/Precedent transaction last twelve months EBITDA multiple	8.0x–13.0x (9.9x)
	24,668	Appraisals/Broker quotes	—	—
	6,282	Discounted cash flows	Discount rate	8.0% – 12.0% (10.3%)
Derivative assets:				
Options held/written and other	6,501	Discounted cash flows	Discount rate	12.0% – 33.0% (14.6%)
Other assets:				
Reinsurance recoverables	2,786	Discounted cash flows	Discount rate	(0.1)% – 1.6% (0.5%)
			Mortality rate	0.0% – 100.0% (2.9%)
			Lapse rate	1.5% – 14.0% (4.8%)
			Annuitization rate (guaranteed minimum annuity benefit)	100.0% (100.0%)
Total	¥588,007			
Liabilities:				
Derivative liabilities:				
Options held/written and other	¥ 4,198	Discounted cash flows	Discount rate	12.0% – 33.0% (14.6%)
	19	Appraisals/Broker quotes	—	—
Policy liabilities and Policy Account Balances:				
Variable annuity and variable life insurance contracts	167,207	Discounted cash flows	Discount rate	(0.1)% – 1.6% (0.5%)
			Mortality rate	0.0% – 100.0% (2.1%)
			Lapse rate	1.5% – 30.0% (5.9%)
			Annuitization rate (guaranteed minimum annuity benefit)	0.0% – 100.0% (66.7%)
Accounts Payable:				
Contingent Consideration	14,136	Discounted cash flows	EV/Terminal EBITDA multiple	15.0x (15.0x)
Total	¥185,560			

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

March 31, 2025

	Millions of yen			
	Fair value	Valuation technique(s)	Significant unobservable inputs	Range (Weighted average)
Assets:				
Loans held for sale	¥ 67,794	Discounted cash flows	Discount rate	7.0% – 12.1% (9.4%)
Available-for-sale debt securities:				
Japanese prefectural and foreign municipal bond securities	6,319	Discounted cash flows	Discount rate	5.8% – 9.8% (8.0%)
Corporate debt securities	4,559 302	Appraisals/Broker quotes Discounted cash flows	— Discount rate	— 1.5% (1.5%)
CMBS and RMBS in the Americas	3,950	Appraisals/Broker quotes	—	—
Other asset-backed securities and debt securities	7,082 34,670	Appraisals/Broker quotes Discounted cash flows	— Discount rate	— 0.4% – 51.2% (5.5%)
			Probability of default	0.2% (0.2%)
	160,772	Appraisals/Broker quotes	—	—
Equity securities:				
Investment funds and other	133,585	Discounted cash flows	WACC	13.3% – 23.7% (16.8%)
			EV/Terminal EBITDA multiple	4.2x-12x (8.8x)
		Market multiples	EV/Last twelve months EBITDA multiple	4.3x-9.5x (7.8x)
			EV/Forward EBITDA multiple	4.2x-9x (7.7x)
			EV/Precedent transaction last twelve months EBITDA multiple	4.3x-11.9x (8.7x)
	22,859	Appraisals/Broker quotes	—	—
	5,766	Discounted cash flows	Discount rate	11.5% – 12.0% (11.7%)
Derivative assets:				
Options held/written and other	8,297	Discounted cash flows	Discount rate	12.0% – 33.0% (14.7%)
	520	Appraisals/Broker quotes	—	—
Other assets:				
Reinsurance recoverables	2,586	Discounted cash flows	Discount rate	0.5% – 2.4% (1.3%)
			Mortality rate	0.0% – 100.0% (2.9%)
			Lapse rate	1.5% – 14.0% (4.7%)
			Annuity rate (guaranteed minimum annuity benefit)	100.0% (100.0%)
Total	<u>¥459,061</u>			
Liabilities:				
Derivative liabilities:				
Options held/written and other	¥ 652	Discounted cash flows	Discount rate	12.0% – 33.0% (14.7%)
Policy liabilities and Policy Account Balances:				
Variable annuity and variable life insurance contracts	136,257	Discounted cash flows	Discount rate	0.5% – 2.4% (1.3%)
			Mortality rate	0.0% – 100.0% (2.3%)
			Lapse rate	1.5% – 30.0% (5.7%)
			Annuity rate (guaranteed minimum annuity benefit)	0.0% – 100.0% (67.1%)
Accounts Payable:				
Contingent Consideration	15,259	Discounted cash flows	EV/Terminal EBITDA multiple	15.0x (15.0x)
Total	<u>¥152,168</u>			

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following tables provide information about the valuation techniques and significant unobservable inputs used in the valuation of Level 3 assets measured at fair value on a nonrecurring basis during fiscal 2024 and 2025.

2024				
	Millions of yen			
	Fair value	Valuation technique(s)	Significant unobservable inputs	Range (Weighted average)
Assets:				
Real estate collateral-dependent loans (net of allowance for credit losses)	¥ 892	Direct capitalization	Capitalization rate	4.6% – 6.3% (5.3%)
	4,382	Appraisals/Broker quotes	—	—
Investment in operating leases and property under facility operations . .	337	Discounted cash flows	Discount rate	0.0% – 13.0% (3.6%)
	868	Appraisals/Broker quotes	—	—
Certain equity method investments . . .	461	Market multiples	EV/EBITDA multiple	3x-6x (4.5x)
	<u>¥ 6,940</u>			
2025				
	Millions of yen			
	Fair value	Valuation technique(s)	Significant unobservable inputs	Range (Weighted average)
Assets:				
Real estate collateral-dependent loans (net of allowance for credit losses)	¥ 1,064	Direct capitalization	Capitalization rate	4.4% – 5.2% (4.7%)
	4,817	Appraisals/Broker quotes	—	—
Investment in operating leases, property under facility operations and office facilities	3,314	Discounted cash flows	Discount rate	6.1% (6.1%)
	4,791	Appraisals/Broker quotes	—	—
Certain equity method investments . . .	20,619	Appraisals/Broker quotes	—	—
	<u>¥ 34,605</u>			

The Company and its subsidiaries generally use discounted cash flow methodologies or similar internally developed models to determine the fair value of Level 3 assets and liabilities. Use of these techniques requires determination of relevant inputs and assumptions, some of which represent significant unobservable inputs as indicated in the preceding table. Accordingly, changes in these unobservable inputs may have a significant impact on the fair value.

Certain of these unobservable inputs will have a directionally consistent impact on the fair value of the asset or liability for a given change in that input. Alternatively, the fair value of the asset or liability may move in an opposite direction for a given change in another input. Where multiple inputs are used within the valuation technique of an asset or liability, a change in one input in a certain direction may be offset by an opposite change in another input having a potentially muted impact to the overall fair value of that particular asset or liability. Additionally, a change in one unobservable input may result in a change to another unobservable input (that is, changes in certain inputs are interrelated to one another), which may counteract or magnify the fair value impact.

Unobservable inputs are weighted by the relative fair value of the asset or liability.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

For more analysis of the uncertainty of each input, see the description of the main valuation methodologies used for assets and liabilities measured at fair value.

3. Acquisitions and Divestitures

(1) DHC Corporation acquisition

On November 11, 2022, in an effort to expand ORIX Group's network in the healthcare business, the Company executed a share purchase agreement with Mr. Yoshiaki Yoshida, a major shareholder of DHC Corporation (hereinafter, "DHC"), and reached a basic agreement to acquire the shares of DHC. On January 31, 2023, as the date of the business combination, the Company acquired the total number of issued shares of DHC and DHC became a wholly owned subsidiary of the Company.

The total cost of the acquisition consideration is ¥300,000 million, which is paid in cash.

Transaction costs of ¥3,435 million are included in selling, general and administrative expenses in the Company's consolidated statements of income for the year ended March 31, 2022 and 2023.

The Company allocated the acquisition consideration to DHC's respective assets acquired and liabilities assumed, and recorded the identified assets and liabilities based on their fair values at the acquisition date by the acquisition method of accounting in accordance with ASC 805 ("Business Combinations").

The Company finalized the purchase price allocation during fiscal 2024. As a result, the following table provides fair value amounts allocated to assets acquired and liabilities assumed from DHC.

	Millions of yen		
	Preliminary Valuation 2023	Adjustments	Final Valuation 2024
Cash and Cash Equivalents	¥101,254	¥ 0	¥101,254
Property under Facility Operations	18,790	(292)	18,498
Trade Notes, Accounts and Other Receivable	11,117	0	11,117
Inventories	17,370	1,727	19,097
Office Facilities	17,316	447	17,763
Other Assets and other	197,840	5,390	203,230
Total Assets	363,687	7,272	370,959
Short-Term Debt	5,000	0	5,000
Trade Notes, Accounts and Other Payable	13,748	0	13,748
Current and Deferred Income Taxes	25,472	8,095	33,567
Other Liabilities	19,114	(823)	18,291
Total Liabilities	63,334	7,272	70,606
Noncontrolling interests	353	0	353
Net	¥300,000	¥ 0	¥300,000

Goodwill and other intangible assets that were identified in connection with the acquisition are included in other assets in the above table and the Company's consolidated balance sheet as of March 31, 2024. The amounts of fair value of goodwill and identifiable intangible assets at the time of acquisition were ¥94,324 million and ¥104,910 million, respectively. Goodwill is measured as an excess of consideration transferred over the net assets

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

acquired recognized at fair value. The Company calculated the amount of goodwill based on fair value of assets acquired and liabilities assumed. The goodwill represents the future growth of ORIX Group from new revenue streams arising from the consolidation of DHC and synergies with the existing Company's assets and businesses. The goodwill is not deductible for income tax purposes. The goodwill and other intangible assets recorded in connection with this acquisition are included in PE Investment and Concession segment.

Other intangible assets recognized in this acquisition consist of the following:

	<u>Millions of yen</u> <u>Acquired intangibles</u> <u>recorded at fair value</u>	<u>Years</u> <u>Weighted-average</u> <u>amortization period</u>
Intangible assets that have indefinite useful lives:		
Trademarks and trade names	¥ 77,721	—
Subtotal	<u>77,721</u>	
Intangibles subject to amortization:		
License	15,976	15
Customer relationships	11,213	16
Subtotal	<u>27,189</u>	
Total	<u>¥104,910</u>	

The following unaudited supplemental pro forma financial information presents the combined results of operations of the Company and its subsidiaries as though the acquisition had occurred as of April 1, 2021, the beginning of the fiscal year ended March 31, 2022:

	<u>Millions of yen</u> <u>March 31, 2023</u>
Total revenues	¥2,754,190
Net Income	310,937

There are no total revenues and net income of DHC after acquisition included in the Company's consolidated statement of income for the fiscal year ended March 31, 2023.

The unaudited supplemental pro forma financial information is based on estimates and assumptions, that the Company believes are reasonable and should not be taken as indicative of what the Company's consolidated financial results would have been had the acquisition been completed on that date.

(2) Other Acquisitions

During fiscal 2023, the Company and its subsidiaries acquired entities, other than DHC, for a total cost of the acquisition consideration of ¥60,876 million, which was paid mainly in cash. Goodwill initially recognized in these transactions amounted to ¥17,644 million and the goodwill is not deductible for income tax purposes. The amount of acquired intangible assets other than goodwill recognized in these transactions was ¥31,087 million. The acquisitions were mainly included in PE Investment and Concession segment.

During fiscal 2024, the Company and its subsidiaries acquired entities for a total cost of the acquisition consideration of ¥11,894 million, which was paid mainly in cash. Goodwill initially recognized in these

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

transactions amounted to ¥4,241 million and the goodwill is not deductible for income tax purposes. The amount of acquired intangible assets other than goodwill recognized in these transactions was ¥7,049 million. The acquisitions were mainly included in PE Investment and Concession segment.

During fiscal 2025, the Company and its subsidiaries acquired entities for a total cost of the acquisition consideration of ¥33,041 million, which was paid mainly in cash. Goodwill initially recognized in these transactions amounted to ¥9,081 million and the goodwill is not deductible for income tax purposes. The amount of acquired intangible assets other than goodwill recognized in these transactions was ¥21,684 million. The Company reflected certain preliminary estimates with respect to the fair value of certain components of the underlying net assets of these entities in determining amounts of the goodwill. The amount of the goodwill and intangible assets could possibly be adjusted because for certain of these acquisitions, the purchase price allocations have not been completed yet with respect to the final valuation of acquired intangible assets among others. The acquisitions were mainly included in PE Investment and Concession segment.

As a result of the assessment of the purchase price allocation, the Company recognized a bargain purchase gain of ¥1,174 million during fiscal 2023 associated with four of its acquisitions during fiscal 2023, due to the fair value of the net assets, which is the difference between the assets acquired and the liabilities assumed, exceeding the fair value of consideration transferred. The bargain purchase gain was mainly included in Environment and Energy segment. The Company did not recognize any bargain purchase gain during fiscal 2024. As a result of the assessment of the purchase price allocation, the Company recognized a bargain purchase gain of ¥3,750 million during fiscal 2025 associated with one of its acquisitions during fiscal 2025, due to the fair value of the net assets, which is the difference between the assets acquired and the liabilities assumed, exceeding the fair value of consideration transferred. The bargain purchase gain was included in Asia and Australia segment.

The segment in which goodwill is allocated is disclosed in Note 13 “Goodwill and Other Intangible Assets.”

(3) Divestitures

Gains on sales of subsidiaries and equity method investments and liquidation losses, net for fiscal 2023, 2024 and 2025 amounted to ¥33,000 million, ¥72,488 million and ¥87,705 million, respectively. Gains (losses) on sales of subsidiaries and equity method investments and liquidation losses, net for fiscal 2023 mainly consisted of ¥137 million in Real Estate segment, ¥2,367 million in PE Investment and Concession segment, ¥16,698 million in Environment and Energy segment, ¥(1,076) million in Aircraft and Ships segment, ¥10,201 million in ORIX USA segment and ¥4,676 million in Asia and Australia segment. Gains (losses) on sales of subsidiaries and equity method investments and liquidation losses, net for fiscal 2024 mainly consisted of ¥19,822 million in PE Investment and Concession segment, ¥(5,557) million in Environment and Energy segment, ¥57,470 million in Banking and Credit segment, ¥(1,978) million in ORIX USA segment and ¥2,502 million in ORIX Europe segment. Gains (losses) on sales of subsidiaries and equity method investments and liquidation losses, net for fiscal 2025 consisted of ¥7,294 million in Corporate Financial Services and Maintenance Leasing segment, ¥350 million in Real Estate segment, ¥44,503 million in PE Investment and Concession segment, ¥6,365 million in Environment and Energy segment, ¥478 million in Aircraft and Ships segment, ¥29,224 million in ORIX USA segment, ¥(624) million in ORIX Europe segment and ¥115 million in Asia and Australia segment.

During fiscal 2024, the Company sold 66% of the common shares of a consolidated subsidiary, ORIX Credit Corporation (hereinafter, “ORIX Credit”, which changed its name to DOCOMO Finance, Inc on April 1, 2025) to a third-party. The Company retains a 34% interest in ORIX Credit, which became an equity method

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

investment from fiscal 2024. The sale of the controlling interest resulted in a gain ¥37,930 million, and the remeasurement of the retained interest to its fair value resulted in a gain of ¥19,540 million, both of which were included in earnings as gains on sales of subsidiaries and equity method investment and liquidation losses, net during fiscal 2024. The fair value of the retained interest was remeasured using the stock value based on the sale proceed.

4. Revenues from Contracts with Customers

The following table provides information about revenues from contracts with customers, and other sources of revenue in fiscal 2023, 2024 and 2025.

	Millions of yen		
	2023	2024	2025
Goods or services category			
Sales of goods	¥ 299,901	¥ 266,390	¥ 269,050
Real estate sales	92,668	107,524	104,105
Asset management and servicing	239,232	244,508	275,929
Automobile related services	82,428	88,325	87,173
Facilities operation	56,231	76,087	83,559
Environment and energy services	209,649	158,075	175,651
Real estate management and brokerage	98,593	99,843	102,369
Real estate contract work	120,379	152,022	162,921
Other	104,284	107,191	91,506
Total revenues from contracts with customers	1,303,365	1,299,965	1,352,263
Other revenues *	19,355	38,959	40,175
Total sales of goods and real estate and services income	¥1,322,720	¥1,338,924	¥1,392,438

* Other revenues are not in the scope of revenue from contracts with customers.

The following table provides information about costs of goods sold and real estate sold and services expense in fiscal 2023, 2024 and 2025.

	Millions of yen		
	2023	2024	2025
Goods or services category			
Costs of goods sold	¥ 254,407	¥ 179,799	¥ 184,674
Costs of real estate sold	78,602	88,828	87,159
Asset management and servicing	52,918	58,376	69,377
Automobile related services	52,260	56,880	56,832
Facilities operation	57,143	65,979	69,926
Environment and energy services	166,821	109,923	136,426
Real estate management and brokerage	87,459	88,973	93,296
Real estate contract work	105,492	132,656	139,430
Other	49,034	47,314	38,858
Total expenses of costs of goods and real estate sold and services expenses	¥ 904,136	¥ 828,728	¥ 875,978

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The Company and its subsidiaries recognize revenues when control of the promised goods or services is transferred to our customers, in the amounts that reflect the consideration we expect to receive in exchange for those goods or services. Revenues are recognized net of discounts, incentives and estimated sales returns. Amount to be collected for third party is deducted from revenues. The Company and its subsidiaries evaluate whether we are principal or agent on distinctive goods or services. When a revenue transaction involves a third party, if the Company and its subsidiaries control the goods or services before they are transferred to customers, revenue is recognized on gross amount as the principal. There is no significant variability in considerations included in revenues, except for the performance fees regarding asset management business hereinafter, and there is no significant financing component in considerations on transactions.

For further information about breakdowns of revenues disaggregated by goods or services category and geographical location by segment, see Note 32 “Segment Information.”

Revenue recognition criteria on each goods or services category are mainly as follows:

Sales of goods

The Company and its subsidiaries sell various goods such as cosmetics, health foods, medical equipment and other to customers. Revenues from sales of goods are recognized when there is a transfer of control of the product to customers. The Company and its subsidiaries determine transfer of control based on when the products are shipped or delivered to customers, or inspected by customers.

Real estate sales

Certain subsidiaries are involved in condominium business. Revenues from sales of detached houses and residential condominiums are recognized when the real estate is delivered to customers.

Asset management and servicing

Certain subsidiaries offer customers investment management services for their financial assets, asset management as well as maintenance and administrative services for their real estate properties. Furthermore, the Company and its subsidiaries perform servicing on behalf of customers. Revenues from asset management and servicing primarily include management fees, servicing fees, and performance fees. Management and servicing fees are recognized over the contract period with customers, since the customers simultaneously receive and consume all of the benefits provided by the subsidiaries as the subsidiaries perform. Management fees are calculated based on the predetermined percentages of the market value of the assets under management or net assets of the investment funds in accordance with contract terms. Servicing fees are calculated based on the predetermined percentages of the amount in assets under management in accordance with contract terms. Fees based on the performance of the assets under management are recognized when the performance obligations are satisfied, to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The performance fee is estimated by using the most likely amount method, in accordance with contract terms. Servicing fees related to financial assets that the Company and its subsidiaries had originated and transferred to investors are not in the scope of revenue from contracts with customers. These fees are accounted for as servicing assets under which the benefits of servicing are expected to more than adequately compensate for performing the servicing, or servicing liabilities under which the benefits of servicing are not expected to adequately compensate for performing the servicing.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Automobile related services

Certain subsidiaries mainly provide automobile maintenance services to customers, as automobile related services. In the service, since customers simultaneously receive and consume all of the benefits provided by the subsidiaries as the subsidiaries perform, revenues are recognized over the contract period with customers. For measurement of progress, the cost incurred is used, because that reasonably describes transfer of control of services to customers. The subsidiaries receive payments from customers before satisfying performance obligations, and the amounts are reported in other liabilities on the consolidated balance sheets as contract liabilities.

Facilities operation

The Company and its subsidiaries are running hotels, Japanese inns, a multipurpose dome and other facilities. Revenues from these operations are recognized over the customers' usage period of the facilities, since customers simultaneously receive and consume all of the benefits provided by the Company and its subsidiaries as the Company and its subsidiaries perform. The value transferred to customers is directly measured based on the usage period. With respect to the operation of a multipurpose dome, a certain subsidiary receives payments from customers before satisfying performance obligations, and the amounts are reported in other liabilities on the consolidated balance sheets as contract liabilities. Gains on sale of property under facility operations included in services income are not within the scope of revenue from contracts with customers because these gains refer to transfers of non-financial assets to counterparties that are not considered to be our customers.

Environment and energy services

The Company and its subsidiaries offer services that provide electric power to business operators' factories, office buildings and other facilities. Revenues from electric power supply by purchasing electricity or running power plants are recognized over the contracted distribution period with customers, since customers simultaneously receive and consume all of the benefits provided by the Company and its subsidiaries as the Company and its subsidiaries perform. The value transferred to customers is directly measured based on electricity usage by customers. Furthermore, certain subsidiaries are running waste processing facilities. Revenues from resources and waste processing business are primarily recognized over the service contract period with customers, since customers simultaneously receive and consume all of the benefits provided by the subsidiaries as the subsidiaries perform. The value transferred to customers is directly measured based on the amount of resources and waste to be processed.

Real estate management and brokerage

The Company and its subsidiaries mainly offer management of condominiums, office buildings, facilities, and others, to customers, as real estate management and brokerage business. For these services, customers simultaneously receive and consume all of the benefits provided by the Company and its subsidiaries as the Company and its subsidiaries perform. Therefore, based on progress measured over the contract period with customers, revenues are recognized by directly measuring the value of the services transferred to customers. The Company and its subsidiaries receive payments from customers before satisfying performance obligations, and the amounts are reported in other liabilities on the consolidated balance sheets as contract liabilities.

Real estate contract work

Certain subsidiaries offer repair and contract work for condominiums, office buildings, facilities, and others, to customers. The work is held on the real estate where customers own or rent, and the subsidiaries' performance

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

creates the asset that the customers' control as the asset is created or enhanced. Additionally, the performance does not create an asset with an alternative use to the subsidiaries, and the subsidiaries have a substantial enforceable right to payment for performance completed to date so that revenues are recognized over the contract work period. For measurement of progress, the cost incurred is used, because that reasonably describes transfer of control of services to customers. The subsidiaries recognize a part of its performance obligations that it performs as contract assets, and the amounts are reported under other assets on the consolidated balance sheet. Furthermore, the subsidiaries receive payments from customers before satisfying performance obligations, and the amounts are reported in other liabilities on the consolidated balance sheets as contract liabilities.

Other

The Company and its subsidiaries have been developing a variety of businesses. Main revenue streams are as follows:

Maintenance services of software, measurement equipment and other:

Certain subsidiaries offer information systems hardware, software maintenance services and support, and maintenance of measurement equipment to customers. For these services, customers simultaneously receive and consume all of the benefits provided by the subsidiaries as the subsidiaries perform. Therefore, based on progress measured over the contract period with customers, revenues are recognized by directly measuring the value of the services transferred to customers. The subsidiaries receive payments from customers before satisfying performance obligations, and the amounts are reported in other liabilities on the consolidated balance sheets as contract liabilities.

Fee business:

The Company and its subsidiaries are involved in insurance policy referrals and other agency business. Commission revenues from these businesses are primarily recognized when the contract between our customers and their client is signed.

The following table provides information about balances from contracts with customers as of March 31, 2024 and 2025.

	Millions of yen	
	March 31, 2024	March 31, 2025
Trade Notes, Accounts and Other Receivable	¥ 207,970	¥ 208,642
Contract assets (Included in Other Assets)	17,051	14,154
Contract liabilities (Included in Other Liabilities)	32,828	40,441

For fiscal 2024 and 2025, there were no significant changes in contract assets and contract liabilities.

For fiscal 2024 and 2025, revenue amounting to ¥28,015 million and ¥25,338 million were included in contract liabilities as of the beginning of each fiscal year, respectively.

As of March 31, 2025, transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is mainly related to automobile related services and real estate sales and amounted to ¥220,515 million. Remaining term for the obligations ranges up to 16 years. Furthermore, automobile related services primarily constitute the performance obligations that are unsatisfied (or partially unsatisfied) and will be recognized as revenue over the next 10 years. The Company and its subsidiaries applied practical expedients in

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

the disclosure, and performance obligations for contracts that have an original expected duration of one year or less, contracts under which the value transferred to a customer is directly measured and recognized as revenue by the amount it has a right to invoice to the customer, sales- or usage-based royalty and directly allocable variable consideration to wholly unsatisfied performance obligation are not included. The transaction price allocated to unsatisfied performance obligations does not include the estimate of material variable consideration.

Variable consideration not included in the transaction price is mainly related to performance fees of asset management business.

As of March 31, 2024 and 2025, assets recognized from the costs to obtain or fulfill contracts with customers were not material.

5. Cash Flow Information

The following table provides information about Cash, Cash Equivalents and Restricted Cash which are included in the Company's consolidated balance sheets as of March 31, 2024 and 2025, respectively.

	Millions of yen	
	2024	2025
Cash and Cash Equivalents	¥1,032,810	¥1,206,573
Restricted Cash	152,497	115,410
Cash, Cash Equivalents and Restricted Cash	<u>¥1,185,307</u>	<u>¥1,321,983</u>

Cash payments during fiscal 2023, 2024 and 2025 are as follows:

	Millions of yen		
	2023	2024	2025
Cash payments:			
Interest	¥ 117,759	¥ 182,633	¥168,101
Income taxes, net	187,246	3,507	113,122

The main non-cash activities in fiscal 2023, 2024 and 2025 are as follows.

In fiscal 2023, 2024 and 2025, real estate under operating leases of ¥750 million, ¥9,442 million and ¥12,494 million, respectively, were recognized with the corresponding amounts of installment loans being derecognized as a result of acquiring real estate collateral. In fiscal 2023, 2024 and 2025, other assets of ¥12 million, ¥29 million and ¥2 million, respectively, were recognized with the corresponding amounts of installment loans being derecognized as a result of acquiring real estate collateral. In fiscal 2024 and 2025, investment in securities of ¥3,452 million and ¥311 million, were recognized with the corresponding amounts of installment loans being derecognized as a result of restructuring.

In fiscal 2023, assets and liabilities decreased by ¥7,752 million and ¥3,916 million in the Company's consolidated balance sheet due to deconsolidation of a subsidiary and certain VIEs which had been consolidated by certain subsidiaries. The derecognized assets mainly consist of operating lease assets, and the derecognized liabilities mainly consist of long-term debt. In fiscal 2024, assets and liabilities decreased by ¥1,777 million and ¥0 million in the Company's consolidated balance sheet due to deconsolidation of a subsidiary and certain VIEs which had been consolidated by certain subsidiaries. The derecognized assets mainly consist of investment in securities, and the derecognized liabilities mainly consist of other liabilities. In fiscal 2025, assets and liabilities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

decreased by ¥3,201 million and ¥1,051 million in the Company's consolidated balance sheet due to deconsolidation of a subsidiary and certain VIEs which had been consolidated by certain subsidiaries. The derecognized assets mainly consist of investment in securities, and the derecognized liabilities mainly consist of long-term debt. Derecognition of these assets and liabilities were not included in cash flows from investing activities or financing activities in the consolidated statements of cash flows because they did not involve cash transactions.

ROU assets obtained in exchange for lease liabilities were not included in cash flows from investing activities or financing activities because they did not involve cash transactions. For further information, see Note 6 "Leases."

6. Leases

(1) Lessor

Some of the contracts include options to extend or to terminate the lease. The Company and its subsidiaries determine the lease term while taking such periods covered by options into account when determined the lease term when it is reasonably certain that it will exercise these options. The majority of the lease contracts do not contain bargain purchase options for customers.

The estimated unguaranteed residual value represents estimated proceeds from the disposition of equipment at the time the lease is terminated. The estimated unguaranteed residual value is determined based on market value of used equipment, estimates of when and how much equipment will become obsolete, and actual recovery being experienced for similar used equipment. The Company and its subsidiaries may incur losses if the estimated residual amounts are unable to collect or need to recognize valuation losses when the estimates differ from actual trends in equipment valuation and the secondhand market. The risk of loss on leased assets relating to the estimated unguaranteed residual value of the leased assets is monitored through projections of the estimated unguaranteed residual value at lease origination and periodic review of estimated unguaranteed residual value.

When auto leases are bundled with maintenance contracts, considerations on contracts are allocated based upon the estimated standalone selling prices of the lease and non-lease components. Lease components generally include product and financing cost, and non-lease components generally consist of maintenance contracts.

A certain subsidiary is providing automobile related services, and applying practical expedients, to not separate non-lease components from the associated lease components. In this service, ASC 606 is applied to the entire contract because the consideration related to non-lease components accounts for the majority of contract consideration. Revenues from these operations are recognized over the customers' usage period of the services, since customers simultaneously receive and consume the benefits when the performance obligations are satisfied. The value transferred to customers is directly measured based on the usage period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Lease income for fiscal 2023, 2024 and 2025 are as follows:

	Millions of yen		
	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024	Fiscal Year ended March 31, 2025
Lease income – net investment in leases			
Interest income	¥ 80,810	¥ 87,189	¥ 92,327
Other	2,568	2,500	3,849
Lease income – operating leases*	499,541	535,490	624,444
Total lease income	<u>¥582,919</u>	<u>¥625,179</u>	<u>¥720,620</u>

* Gains from the disposition of real estate under operating leases included in operating lease revenues were ¥25,699 million, ¥20,960 million and ¥31,965 million, and gains from the disposition of operating lease assets other than real estate included in operating lease revenues were ¥31,233 million, ¥32,481 million and ¥44,668 million for fiscal 2023, 2024 and 2025, respectively.

Lease income from net investment in leases is included in finance revenues in the consolidated statements of income. Gains and losses from the disposition of net investment in leases were not material for fiscal 2023, 2024 and 2025.

Net investment in leases at March 31, 2024 and 2025 consists of the following:

	Millions of yen	
	March 31, 2024	March 31, 2025
Lease receivables*	¥1,124,232	¥1,132,186
Unguaranteed residual value	29,555	33,908
Initial direct costs	1,236	1,286
Total	<u>¥1,155,023</u>	<u>¥1,167,380</u>

* Some lease contracts are subject to government assistance for the customers' acquisition of leased assets, mainly for the purpose of environmental measures. This government assistance is accounted for as a reduction of lease receivables of lease contracts when the Company and its subsidiaries confirm receipt of cash. The amount of a reduction of lease receivables were ¥31,108 million and ¥32,357 million as of March 31, 2024 and 2025, respectively. Benefits of the government assistance are attributed to the customers by the reduced lease payments. Furthermore, remaining term of government assistance contracts ranges up to 14 years and 13 years as of March 31, 2024 and 2025, respectively. And when receiving the government assistance, restrictions mainly on disposal of property and duty of keeping documents occur for a certain period of time.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Investment in operating leases at March 31, 2024 and 2025 consists of the following:

	Millions of yen	
	March 31, 2024	March 31, 2025
Transportation equipment	¥1,892,410	¥1,912,604
Measuring and information-related equipment	377,195	436,122
Real estate	308,989	364,004
Other	87,525	82,516
	2,666,119	2,795,246
Accumulated depreciation	(936,001)	(946,341)
Net	1,730,118	1,848,905
Right-of-use assets	87,359	73,518
Accrued rental receivables	54,230	46,248
Allowance for doubtful receivables on operating leases	(3,133)	(1,493)
Total	<u>¥1,868,574</u>	<u>¥1,967,178</u>

Costs of operating leases include depreciation and various expenses (insurance, property tax and other). Depreciation and various expenses for fiscal 2023, 2024 and 2025 are as follows:

	Millions of yen		
	2023	2024	2025
Depreciation expenses	¥ 245,180	¥ 261,723	¥283,219
Various expenses	91,807	95,037	111,602
Total	<u>¥ 336,987</u>	<u>¥ 356,760</u>	<u>¥394,821</u>

Remaining lease receivables of net investment in leases (including residual value guarantees) range up to 17 years at March 31, 2025. Remaining lease receivables of the operating lease contracts range up to 56 years at March 31, 2025. At March 31, 2025, the amounts due in each of the next five years and thereafter are as follows:

Years ending March 31,	Millions of yen	
	Net investment in leases	Operating leases
2026	¥ 480,728	¥ 405,914
2027	326,021	261,880
2028	214,855	173,012
2029	130,697	109,486
2030	73,476	62,653
Thereafter	54,129	147,762
Total lease payments	<u>1,279,906</u>	<u>¥1,160,707</u>
Less imputed interest	(147,720)	
Total lease receivables	<u>¥1,132,186</u>	

(2) Lessee

The Company and its subsidiaries determine if an arrangement is a lease at inception of each contract. The Company and its subsidiaries have operating and finance leases for various assets including lands, office buildings, employees' accommodations, and vehicles.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Some of the lease arrangements include options to extend or terminate lease term. The Company and its subsidiaries determine the lease term while taking such options into account when determining the lease term when it is reasonably certain that it will exercise these options. The Company and its subsidiaries' lease arrangements do not contain material residual value guarantees or material restrictive covenants. As a rate implicit in most of the leases cannot be readily determinable, the Company and its subsidiaries use incremental borrowing rate based on the information available at commencement to determine the present values of lease payments.

The component of lease expense for fiscal 2023, 2024 and 2025 are as follows:

	<u>Millions of yen</u> <u>Year ended</u> <u>March 31, 2023</u>	<u>Millions of yen</u> <u>Year ended</u> <u>March 31, 2024</u>	<u>Millions of yen</u> <u>Year ended</u> <u>March 31, 2025</u>
Finance lease cost			
Depreciation expenses of right-of-use assets	¥ 536	¥ 580	¥ 574
Interest expenses of lease liabilities	150	84	67
	<u>686</u>	<u>664</u>	<u>641</u>
Operating lease cost	52,279	53,405	53,013
Short-term lease cost	2,742	3,048	2,997
Variable lease cost	1,297	2,721	4,339
Sublease income	(8,819)	(9,512)	(9,971)
Total	<u>¥ 48,185</u>	<u>¥ 50,326</u>	<u>¥51,019</u>

The Company and its subsidiaries recorded net gains on sale and leaseback transactions of ¥2,661 million for fiscal 2024.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Supplemental cash flow information related to leases for fiscal 2023, 2024 and 2025 are as follows:

Millions of yen		
Year Ended March 31, 2023		
	Finance leases	Operating leases
Cash paid for amounts included in the measurements of lease liabilities:		
Cash flows from operating activities	¥ 150	¥ 50,369
Cash flows from financing activities	781	0
Right-of-use assets obtained in exchange for lease liabilities:	¥ 93	¥ 39,823

Millions of yen		
Year Ended March 31, 2024		
	Finance leases	Operating leases
Cash paid for amounts included in the measurements of lease liabilities:		
Cash flows from operating activities	¥ 84	¥ 52,759
Cash flows from financing activities	664	0
Right-of-use assets obtained in exchange for lease liabilities:	¥ 1,481	¥ 27,427

Millions of yen		
Year Ended March 31, 2025		
	Finance leases	Operating leases
Cash paid for amounts included in the measurements of lease liabilities:		
Cash flows from operating activities	¥ 67	¥ 52,277
Cash flows from financing activities	725	0
Right-of-use assets obtained in exchange for lease liabilities:	¥ 407	¥ 54,161

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Supplemental balance sheet information related to lessee leases at March 31, 2024 and 2025 are as follows:

	Millions of yen, except lease term and discount rate	
	March 31, 2024	
	Finance leases	Operating leases
Investment in Operating Leases	¥ 4,685	¥ 82,674
Property under Facility Operations	2,306	72,284
Office Facilities	293	94,932
Total right-of-use assets	7,284	249,890
Other Liabilities	7,877	252,344
Total lease liabilities	¥ 7,877	¥ 252,344
Weighted average remaining lease term	35 years	11 years
Weighted average discount rate	2.2%	1.7%

	Millions of yen, except lease term and discount rate	
	March 31, 2025	
	Finance leases	Operating leases
Investment in Operating Leases	¥ 4,634	¥ 68,883
Property under Facility Operations	1,863	99,201
Office Facilities	537	81,396
Total right-of-use assets	7,034	249,480
Other Liabilities	7,479	251,860
Total lease liabilities	¥ 7,479	¥ 251,860
Weighted average remaining lease term	35 years	12 years
Weighted average discount rate	2.0%	1.7%

At March 31, 2025, the amounts of lease liabilities related to lessee leases due in each of the next five years and thereafter are as follows:

	Millions of yen	
Years ending March 31,	Finance leases	Operating leases
2026	¥ 558	¥ 52,560
2027	540	37,238
2028	523	30,826
2029	498	26,484
2030	425	23,057
Thereafter	7,960	115,482
Total lease payments	10,504	285,647
Less imputed interest	(3,025)	(33,787)
Total lease liabilities	¥ 7,479	¥ 251,860

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

7. Installment Loans

The composition of installment loans by domicile and type of borrower at March 31, 2024 and 2025 is as follows:

	Millions of yen	
	2024	2025
Borrowers in Japan:		
Consumer—		
Real estate loans	¥1,851,214	¥1,901,794
Card loans	72,353	67,874
Other	5,680	7,259
	<u>1,929,247</u>	<u>1,976,927</u>
Corporate—		
Real estate companies	334,506	415,666
Non-recourse loans	145,286	301,477
Commercial, industrial and other companies	187,824	233,270
	<u>667,616</u>	<u>950,413</u>
Borrowers in overseas:		
Consumer—		
Real estate loans	96,247	55,022
Other	47,415	39,172
	<u>143,662</u>	<u>94,194</u>
Corporate—		
Real estate companies	190,630	228,793
Non-recourse loans	50,263	86,724
Commercial, industrial and other companies	705,494	591,103
	<u>946,387</u>	<u>906,620</u>
Equity method investees	<u>251,929</u>	<u>131,476</u>
Purchased loans*	<u>19,973</u>	<u>21,389</u>
	<u>¥3,958,814</u>	<u>¥4,081,019</u>

* Purchased loans represent loans with evidence of deterioration of credit quality since origination and for which it is probable at acquisition that collection of all contractually required payments from the debtors is unlikely.

Generally, installment loans are made under agreements that require the borrower to provide collateral or guarantors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

At March 31, 2025, the contractual maturities of installment loans (except purchased loans) for each of the next five years and thereafter are as follows:

<u>Years ending March 31,</u>	<u>Millions of yen</u>
2026	¥ 662,965
2027	417,293
2028	334,136
2029	236,224
2030	276,454
Thereafter	<u>2,132,558</u>
Total	<u>¥4,059,630</u>

Revenues from installment loans which are included in finance revenues in the consolidated statements of income are ¥194,240 million, ¥205,734 million and ¥188,294 million for fiscal 2023, 2024 and 2025, respectively.

Certain loans, for which the Company and its subsidiaries have the intent and ability to sell to outside parties in the foreseeable future, are considered held for sale and are carried at the lower of cost or market value determined on an individual basis, except loans held for sale for which the fair value option was elected. A subsidiary elected the fair value option on its loans held for sale. The subsidiary enters into forward sale agreements to offset the change in the fair value of loans held for sale, and the election of the fair value option allows the subsidiary to recognize both the change in the fair value of the loans and the change in the fair value of the forward sale agreements due to changes in interest rates in the same accounting period. Loans held for sale are included in installment loans, and the outstanding balances of these loans as of March 31, 2024 and 2025 were ¥137,179 million and ¥111,527 million, respectively. There were ¥129,959 million and ¥97,694 million of loans held for sale as of March 31, 2024 and 2025, respectively, measured at fair value by electing the fair value option.

Purchased loans acquired by the Company and its subsidiaries are generally loans with evidence of deterioration of credit quality since origination and for which it is probable at acquisition that collection of all contractually required payments from the debtors is unlikely and characterized by extended period of non-performance by the borrower, and it is difficult to reliably estimate the amount, timing, or nature of collections. Because such loans are commonly collateralized by real estate, the Company and its subsidiaries may pursue various approaches to maximizing the return from the collateral, including arrangement of borrower's negotiated transaction of such collateral before foreclosure, the renovation, refurbishment or the sale of such loans to third parties. Accordingly, although the acquired assets may remain loans in legal form, collections on these loans often do not reflect the normal historical experience of collecting delinquent accounts, and the need to tailor individual collateral-realization strategies often makes it difficult to reliably estimate the amount, timing, or nature of collections. Accordingly, the Company and its subsidiaries use the cost recovery method of income recognition for such purchased loans. The total carrying amounts of these purchased loans were ¥19,973 million and ¥21,389 million as of March 31, 2024 and 2025, respectively, and the fair value at the acquisition date of purchased loans acquired during fiscal 2024 and 2025 were ¥12,271 million and ¥5,264 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

8. Credit Quality of Financial Assets and the Allowance for Credit Losses

The Company and its subsidiaries provide the following information disaggregated by portfolio segment and class of financial assets.

- Allowance for credit losses
- Credit quality of financial assets
 - Credit quality indicators
 - Past-due financing receivables
 - Non-accrual
- Information about modifications of financing receivables made to debtors experiencing financial difficulty

A portfolio segment is defined as the level at which an entity develops and documents a systematic methodology to determine its allowance for credit losses. The Company and its subsidiaries classify our portfolio segments by instruments of loans, net investment in leases and other financial assets measured at amortized cost. Classes of financial assets are determined based on the initial measurement attribute, risk characteristics of the financing receivables and the method for monitoring and assessing obligors' credit risk and are defined as the level of detail necessary for a financial statement user to understand the risks inherent in the financial assets. Classes of financial assets generally are a disaggregation of a portfolio segment, and the Company and its subsidiaries disaggregate our portfolio segments into classes by regions, instruments or industries of our debtors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following table provides information about the allowance for credit losses for installment loans, net investment in leases and other financial assets measured at amortized cost for fiscal 2023, 2024 and 2025:

Fiscal Year ended March 31, 2023										
Millions of yen										
	Beginning balance	Provision (Reversal)*3	Allowance of purchased loans during the reporting period	Charge- offs*4	Recoveries	Other*5	Ending balance	Collective (pool) assessment	Individual assessment	
Allowance for credit losses:										
Installment loans to										
consumer borrowers:										
Real estate loans										
Japan	¥ 5,716	¥ (1,437)	¥ 0	¥ (215)	¥ 27	¥ 1	¥ 4,092	¥ 3,644	¥ 448	
Overseas	455	(19)	0	0	1	9	446	446	0	
Card loans										
Japan	10,019	(421)	0	(584)	8	0	9,022	8,329	693	
Other										
Japan	5,204	4,672	0	(2,124)	8	(1)	7,759	5,337	2,422	
Overseas	1,105	1,265	0	(508)	0	27	1,889	1,467	422	
Installment loans to										
corporate borrowers:										
Non-recourse loans										
Japan	81	173	0	0	0	(1)	253	253	0	
The Americas	2,691	(1,186)	0	0	0	(11)	1,494	560	934	
Other than non-recourse loans										
Real estate companies										
Japan	617	131	0	0	28	1	777	663	114	
Overseas	735	264	0	(29)	0	37	1,007	1,007	0	
Commercial, industrial and other companies										
Japan	1,337	102	0	(358)	71	0	1,152	477	675	
Overseas	18,296	7,164	0	(8,212)	329	1,555	19,132	16,455	2,677	
Loans to Equity method investees										
Purchased loans*1	1,957	361	0	(1,842)	0	174	650	281	369	
Net investment in leases:	1,575	(261)	6,901	(7,142)	64	11	1,148	541	607	
leases:	16,303	1,678	0	(2,637)	27	348	15,719	12,032	3,687	
Subtotal	<u>66,091</u>	<u>12,486</u>	<u>6,901</u>	<u>(23,651)</u>	<u>563</u>	<u>2,150</u>	<u>64,540</u>	<u>51,492</u>	<u>13,048</u>	
Other financial assets measured at amortized cost*2										
cost*2	<u>5,324</u>	<u>194</u>	<u>0</u>	<u>(4,721)</u>	<u>30</u>	<u>6</u>	<u>833</u>	<u>267</u>	<u>566</u>	
Total	<u>¥71,415</u>	<u>¥12,680</u>	<u>¥ 6,901</u>	<u>¥(28,372)</u>	<u>¥ 593</u>	<u>¥ 2,156</u>	<u>¥65,373</u>	<u>¥51,759</u>	<u>¥13,614</u>	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Fiscal Year ended March 31, 2024										
Millions of yen										
	Beginning balance	Provision (Reversal)*3	Allowance of purchased loans during the reporting period	Charge- offs*4	Recoveries	Other*5	Ending balance	Collective (pool) assessment	Individual assessment	
Allowance for credit losses:										
Installment loans to										
 consumer borrowers:										
Real estate loans										
Japan	¥ 4,092	¥ (712)	¥ 0	¥ (218)	¥ 151	¥ (110)	¥ 3,203	¥ 2,893	¥ 310	
Overseas	446	94	0	(6)	1	46	581	526	55	
Card loans										
Japan	9,022	101	0	(918)	10	(8,203)	12	12	0	
Other										
Japan	7,759	5,313	0	(3,856)	7	(9,132)	91	6	85	
Overseas	1,889	3,166	0	(2,736)	476	265	3,060	1,762	1,298	
Installment loans to										
 corporate borrowers:										
Non-recourse loans										
Japan	253	176	0	0	0	0	429	429	0	
The Americas	1,494	74	0	(55)	0	205	1,718	660	1,058	
Other than										
non-recourse										
loans										
Real estate										
companies										
Japan	777	176	0	(4)	26	0	975	889	86	
Overseas	1,007	430	0	0	0	112	1,549	1,045	504	
Commercial,										
industrial and										
other companies										
Japan	1,152	(44)	0	(281)	9	21	857	722	135	
Overseas	19,132	8,702	0	(4,762)	176	2,576	25,824	16,061	9,763	
Loans to Equity method										
investees	650	99	0	0	0	129	878	422	456	
Purchased loans*1	1,148	13	47,676	(47,722)	2	16	1,133	548	585	
Net investment in										
leases:	15,719	3,064	0	(2,635)	26	606	16,780	10,866	5,914	
Subtotal	64,540	20,652	47,676	(63,193)	884	(13,469)	57,090	36,841	20,249	
Other financial assets										
measured at amortized										
cost*2	833	311	0	(280)	9	147	1,020	321	699	
Total	¥65,373	¥20,963	¥47,676	¥(63,473)	¥ 893	¥(13,322)	¥58,110	¥37,162	¥20,948	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Fiscal Year ended March 31, 2025										
Millions of yen										
	Beginning balance	Provision (Reversal)*3	Allowance of purchased loans during the reporting period	Charge- offs*4	Recoveries	Other*5	Ending balance	Collective (pool) assessment	Individual assessment	
Allowance for credit losses:										
Installment loans to										
 consumer borrowers:										
Real estate loans										
Japan	¥ 3,203	¥ (317)	¥ 0	¥ (62)	¥ 66	¥ 1	¥ 2,891	¥ 2,609	¥ 282	
Overseas	581	1,202	0	0	1	(105)	1,679	505	1,174	
Card loans										
Japan	12	13	0	0	11	0	36	36	0	
Other										
Japan	91	(8)	0	0	7	0	90	6	84	
Overseas	3,060	2,996	0	(3,237)	453	(224)	3,048	1,355	1,693	
Installment loans to										
 corporate borrowers:										
Non-recourse loans										
Japan	429	33	0	0	0	0	462	462	0	
The Americas	1,718	1,066	0	(150)	0	(41)	2,593	1,548	1,045	
Other than										
non-recourse										
loans										
Real estate										
companies										
Japan	975	(14)	0	(78)	26	(1)	908	877	31	
Overseas	1,549	682	0	0	0	(185)	2,046	764	1,282	
Commercial,										
industrial and										
other companies										
Japan	857	359	0	(146)	7	1	1,078	586	492	
Overseas	25,824	1,094	0	(4,048)	34	(2,841)	20,063	11,919	8,144	
Loans to Equity										
method										
investees	878	954	0	(255)	0	(65)	1,512	167	1,345	
Purchased loans*1	1,133	80	7,507	(7,547)	2	167	1,342	521	821	
Net investment in										
leases:	16,780	4,934	0	(3,505)	91	(178)	18,122	11,236	6,886	
Subtotal	57,090	13,074	7,507	(19,028)	698	(3,471)	55,870	32,591	23,279	
Other financial assets										
measured at amortized										
cost*2	1,020	179	0	(276)	14	(38)	899	299	600	
Total	¥58,110	¥13,253	¥ 7,507	¥(19,304)	¥ 712	¥(3,509)	¥56,769	¥32,890	¥23,879	

Notes: Loans held for sale and policy loan receivables of an insurance entity are not in the scope of allowance for credit losses.

*1 Purchased loans represent loans with evidence of deterioration of credit quality since origination and for which it is probable at acquisition that collection of all contractually required payments from the debtors is unlikely.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

- *2 The allowance for other financial assets measured at amortized cost includes the allowance for credit losses on financing receivables, such as accounts receivable. Other financial assets measured at amortized cost are mainly “Trade notes, accounts and other receivables” on the consolidated balance sheets.
- *3 “Provision for credit losses” in the consolidated statements of income amounted to provisions of ¥8,117 million, ¥20,968 million and ¥18,723 million for fiscal 2023, 2024 and 2025 respectively. The reconciliation between the above table and the amounts reported on the consolidated statements of income in fiscal 2023, 2024 and 2025 are as follows:

	Millions of yen		
	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024	Fiscal Year ended March 31, 2025
	Provision for credit losses	Provision for credit losses	Provision for credit losses
Net investment in leases	¥ 1,678	¥ 3,064	¥ 4,934
Installment loans	10,808	17,588	8,140
Subtotal in the above table	12,486	20,652	13,074
Other financial assets measured at amortized cost	194	311	179
Total in the above table	12,680	20,963	13,253
Off-balance sheet credit exposures *3(a)	(4,542)	(440)	5,297
Available-for-sale debt securities *3(b)	(21)	445	173
Amount reported on the consolidated financial statements	<u>¥ 8,117</u>	<u>¥20,968</u>	<u>¥18,723</u>

- *3(a) The allowance for off-balance sheet credit exposure were ¥17,843 million, ¥5,116 million and ¥9,766 million as of March 31, 2023, 2024 and 2025, respectively, and the amounts are recorded in “Other liabilities” on the consolidated balance sheets. For further information, see Note 31 “Commitments, Guarantees and Contingent Liabilities.”
- *3(b) The allowance for available-for-sale debt securities were ¥144 million ¥634 million and ¥670 million as of March 31, 2023, 2024 and 2025, respectively, and the amounts are recorded as a reduction in “Investments in securities” on the consolidated balance sheets. For further information, see Note 9 “Investment in Securities.”
- *4 Included in Charge-off in write-offs of purchased loans were ¥6,901 million, ¥47,676 million and ¥7,507 million during fiscal 2023, 2024 and 2025.
- *5 “Other” mainly includes foreign currency translation adjustments and increases or decreases in allowance due to consolidation or deconsolidation of subsidiaries.

The following table provides information about purchased loans which were acquired for fiscal 2023, 2024 and 2025:

	Millions of yen		
	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024	Fiscal Year ended March 31, 2025
Purchase price	¥2,444	¥12,271	¥ 5,264
Allowance for credit losses at acquisition date	6,901	47,676	7,507
Discount or premium attributable to other factors	261	1,188	1,332
Par value	<u>¥9,606</u>	<u>¥61,135</u>	<u>¥14,103</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The Company and its subsidiaries estimate an allowance for credit losses for all credit losses expected to occur in future over the remaining life of financial assets, and recognize the allowance adequately based on management judgement. In developing the allowance for credit losses, the Company and its subsidiaries consider, among other things, the following factors in collective assessment and individual assessment by each portfolio:

- business characteristics and financial conditions of obligors;
- prior charge-off experience;
- current delinquencies and delinquency trends;
- value of underlying collateral and guarantees; and
- current economic and business conditions and expected outlook in future.

The Company and its subsidiaries manage credit risk using various indicators specific to the region, industry, and types of assets, in accordance with the group risk management policy. For credit transactions, the basic group policy is to obtain sufficient collateral and guarantees, and to diversify industries and borrowers, and the Company and its subsidiaries comprehensively evaluate and monitor the financial condition and cash flows of borrowers, underlying collateral and guarantees, and profitability. The Company and its subsidiaries also manage exposure to potentially high-risk markets by establishing appropriate credit limits through portfolio analysis.

Due to the diversity of assets and risk indicators held by the Company and its subsidiaries, the Company and its subsidiaries monitor the credit quality indicators as performing and non-performing assets as indicators that are common across all classes. The category of non-performing assets includes financing receivables for debtors who have filed for insolvency proceedings, whose bank transactions are suspended, whose bills are dishonored, whose businesses have deteriorated, whose repayment is past-due 90 days or more, financing receivables modified to debtors experiencing financial difficulty, and performing assets include all other financing receivables. Regarding purchased loans, they are classified as non-performing assets when it is probable that the acquisition cost of purchased loans cannot be collected, while all the other purchased loans are included in the category of performing assets.

When certain performing financial assets mainly have similar risk characteristics to other financial assets, the performing financial assets are collectively evaluated as a pool. On the contrary, when financial assets do not have similar risk characteristics to other financial assets, the financial assets are evaluated individually.

Loans to consumer borrowers

Loans to consumer borrowers mainly consist of real estate loans and card loans.

The credit quality of real estate loans is affected by the cash flows derived from the property and its collateral value.

The credit quality of card loans is affected by the repayment ability of customers such as customer credit standing or payment history.

The Company and its subsidiaries use these factors to estimate the allowance for credit losses because they are reflected in the probability of default and loss given default in each portfolio.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Loans to corporate borrowers

Loans to corporate borrowers are classified into non-recourse loans and loans other than non-recourse loans.

The credit quality of non-recourse loans for which cash flows from real estate are the source of repayment depends mainly on the real estate collateral value.

Loans other than non-recourse loans are classified into either real estate companies or commercial, industrial and other companies, each of which are further divided into Japan and overseas.

The credit quality of real estate companies is affected by mainly Japanese and Americas real estate markets and trends.

The credit quality of commercial, industrial and other companies, which consist of various industries, is affected mainly by broader financial and economic conditions and trends in Japan, the Americas and Asian countries.

The allowance for credit losses for loans to corporate borrowers is estimated by considering, among others, debtors' situation, as well as economic conditions and trends in its industries, the value of underlying collateral and guarantees, and probability of default and loss given default.

Loans to equity method investees

Equity method investees are diversified in various industries and countries. The credit quality of loans to equity method investees is affected mainly by broader financial and economic conditions and trends in Japan, the Americas and Asian countries.

The allowance for credit losses for loans to equity method investees is estimated by considering, among others, debtors' situation, as well as economic conditions and trends in its industries, the value of underlying collateral and guarantees, and probability of default and loss given default.

Net investment in leases

Net investment in leases consists of leases of various equipment types, including office equipment, industrial machinery, transportation equipment and real estate properties. The allowance for credit losses for net investment in leases is estimated based on the value of the underlying leased assets, debtors' situation, economic conditions and trends in its industries, and probability of default and loss given default.

In common with portfolio segments, the forecasted future economic indicators correlated with the prior charge-off experience are reflected to the estimate of the allowance for credit losses. Economic indicators correlated with prior charge-off experience are determined over the reasonable and supportable forecasted period. Economic indicators include GDP growth rates, consumer price indices, unemployment rates, and government bond interest rates. It also considers forward-looking scenarios of how the selected economic indicators will change in the future. The Company and its subsidiaries use the latest economic forecasts available from the economic reports published by governments and central banks, as well as from third-party information providers as economic indicators.

On the other hand, for periods beyond which the Company and its subsidiaries are able to make or obtain reasonable and supportable forecasts of future economic indicators of the entire life of the financial asset, expected credit losses are estimated for the remaining life mainly using an appropriate reversion approach, mainly immediate reversion to historical credit loss information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

There have been no significant changes during fiscal 2025 to methodologies and economic indicators used to estimate the allowance for credit losses.

When non-performing financial assets with deteriorated credit quality have similar risk characteristics to other financial assets, the allowance for credit losses is collectively evaluated based on mainly loss given default. On the other hand, if the non-performing financial assets do not have similar risk characteristics to other financial assets, the allowance for credit losses is individually evaluated.

In the individual assessment the allowance for credit losses is estimated individually based on the present value of expected future cash flows, the observable market price or the fair value of the collateral securing the financing receivables if the financing receivables are collateral-dependent.

The collateral-dependent financing receivables are defined as the finance receivables, which a debtor would be in financial difficulty and the collection significantly depend on the collateral. These financing receivables are mainly non-recourse loans and purchased loans for which cash flows from underlying real estate is the source of repayment.

For non-recourse loans, their collection depends on the real estate collateral value, which may decline as a result of a decrease in liquidity of the real estate market, a rise in vacancy rate of rental properties, a fall in rents and other factors.

For purchased loans, their collection may decrease due to a decline in the real estate collateral value and debtors' creditworthiness. Thus, the changes in these risks affect the amount of the allowance for credit losses.

In common with all portfolio segments, the Company and its subsidiaries charge off doubtful receivables when the likelihood of any future collection is believed to be minimal, mainly based upon an evaluation of the relevant debtors' creditworthiness and the liquidation status of collateral.

The following table provides information about the origination years of financial assets as of March 31, 2024 and 2025 and the gross write-offs, corresponding to each class of financial assets by origination year, recorded during fiscal 2024 and 2025. Card loans to consumer borrowers with a revolving repayment feature that cannot be classified into the origination year are excluded from the table.

		March 31, 2024						
		Millions of yen						
Portfolio segment		Origination year (years ended March 31)						
Class	Credit Quality	2024	2023	2022	2021	2020	Prior	Total
Consumer borrowers:								
	Performing	¥ 245,106	¥ 200,373	¥ 165,337	¥ 248,395	¥ 334,364	¥ 788,888	¥1,982,463
	Non-Performing	1,139	1,224	607	292	500	11,871	¥ 15,633
	Gross write-offs	1,268	3,500	988	228	147	685	¥ 6,816
Real estate loans								
	Performing	219,407	182,697	161,632	247,905	334,009	788,635	¥1,934,285
	Non-Performing	109	22	508	281	486	11,770	¥ 13,176
	Gross write-offs	0	1	0	2	5	216	¥ 224
Other								
	Performing	25,699	17,676	3,705	490	355	253	¥ 48,178
	Non-Performing	1,030	1,202	99	11	14	101	¥ 2,457
	Gross write-offs	1,268	3,499	988	226	142	469	¥ 6,592

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

		March 31, 2024						
		Millions of yen						
Portfolio segment		Origination year (years ended March 31)						
Class	Credit Quality	2024	2023	2022	2021	2020	Prior	Total
Corporate borrowers:								
	Performing	484,932	236,795	276,776	96,684	121,132	183,404	¥1,399,723
	Non-Performing	5,144	3,346	26,661	5,255	6,705	23,023	¥ 70,134
	Gross write-offs	115	102	1,005	215	1,397	2,268	¥ 5,102
Non-recourse loans								
Japan								
	Performing	97,099	22,621	10,572	6,713	1,266	7,015	¥ 145,286
	Gross write-offs	0	0	0	0	0	0	¥ 0
The Americas								
	Performing	11,804	9,077	1,742	151	16,862	7,512	¥ 47,148
	Non-Performing	0	68	0	0	0	3,047	¥ 3,115
	Gross write-offs	0	0	0	0	0	55	¥ 55
Other than non-recourse loans								
Real estate companies in Japan								
	Performing	143,553	57,185	28,355	22,836	22,907	58,195	¥ 333,031
	Non-Performing	37	0	0	9	656	773	¥ 1,475
	Gross write-offs	0	0	0	0	4	0	¥ 4
Real estate companies in overseas								
	Performing	4,334	16,493	9,972	2,764	3,352	4,663	¥ 41,578
	Non-Performing	489	581	4,444	515	2,205	9,947	¥ 18,181
	Gross write-offs	0	0	0	0	0	0	¥ 0
Commercial, industrial and other companies in Japan								
	Performing	95,090	29,538	18,606	11,920	10,619	14,566	¥ 180,339
	Non-Performing	2	80	31	93	38	313	¥ 557
	Gross write-offs	0	76	54	29	22	100	¥ 281
Commercial, industrial and other companies in overseas								
	Performing	133,052	101,881	207,529	52,300	66,126	91,453	¥ 652,341
	Non-Performing	4,616	2,617	22,186	4,638	3,806	8,943	¥ 46,806
	Gross write-offs	115	26	951	186	1,371	2,113	¥ 4,762
Loans to Equity method investees:								
	Performing	133,587	27,874	72,407	2,091	58	13,983	¥ 250,000
	Non-Performing	0	230	327	0	0	1,372	¥ 1,929

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

		March 31, 2024						
		Millions of yen						
Portfolio segment		Origination year (years ended March 31)						
Class	Credit Quality	2024	2023	2022	2021	2020	Prior	Total
	Gross write-offs	0	0	0	0	0	0 ¥	0
Purchased loans:								
	Performing	145	16	590	227	4,670	13,445 ¥	19,093
	Non-Performing	0	0	0	0	0	880 ¥	880
	Gross write-offs	1,163	409	229	44	206	45,671 ¥	47,722
Net investment in leases:								
	Performing	475,594	291,724	159,885	81,835	56,625	68,555 ¥	¥1,134,218
	Non-Performing	4,406	4,891	2,992	1,529	1,368	5,619 ¥	20,805
	Gross write-offs	1	190	839	422	298	885 ¥	2,635
Japan								
	Performing	199,864	139,133	100,905	67,932	46,911	64,436 ¥	619,181
	Non-Performing	213	585	886	776	657	1,796 ¥	4,913
	Gross write-offs	0	26	101	129	158	583 ¥	997
Overseas								
	Performing	275,730	152,591	58,980	13,903	9,714	4,119 ¥	515,037
	Non-Performing	4,193	4,306	2,106	753	711	3,823 ¥	15,892
	Gross write-offs	1	164	738	293	140	302 ¥	1,638
Total								
(excluding revolving repayment card loans)								
	Performing	¥1,339,364	¥ 756,782	¥ 674,995	¥ 429,232	¥ 516,849	¥1,068,275	¥4,785,497
	Non-Performing	10,689	9,691	30,587	7,076	8,573	42,765 ¥	109,381
	Gross write-offs	2,547	4,201	3,061	909	2,048	49,509 ¥	62,275
		March 31, 2025						
		Millions of yen						
Portfolio segment		Origination year (years ended March 31)						
Class	Credit Quality	2025	2024	2023	2022	2021	Prior	Total
Consumer borrowers:								
	Performing	¥ 358,952	¥154,694	¥159,847	¥143,281	¥227,594	¥ 936,220	¥1,980,588
	Non-Performing	586	1,421	3,101	2,086	668	11,576 ¥	19,438
	Gross write-offs	206	1,773	1,136	106	8	70 ¥	3,299
Real estate loans								
	Performing	339,308	142,337	152,451	142,224	227,484	935,996 ¥	¥1,939,800
	Non-Performing	224	472	2,110	2,057	666	11,487 ¥	17,016
	Gross write-offs	0	0	0	0	0	62 ¥	62
Other								
	Performing	19,644	12,357	7,396	1,057	110	224 ¥	40,788
	Non-Performing	362	949	991	29	2	89 ¥	2,422
	Gross write-offs	206	1,773	1,136	106	8	8 ¥	3,237
Corporate borrowers:								
	Performing	865,495	246,134	133,623	154,928	42,744	175,757 ¥	¥1,618,681
	Non-Performing	2,389	15,254	9,656	39,845	11,919	40,392 ¥	119,455

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

		March 31, 2025						
		Millions of yen						
Portfolio segment		Origination year (years ended March 31)						
Class	Credit Quality	2025	2024	2023	2022	2021	Prior	Total
	Gross write-offs	65	181	73	2,485	24	1,594¥	4,422
Non-recourse loans								
Japan								
	Performing	225,394	52,292	10,487	6,932	0	6,372¥	301,477
	Gross write-offs	0	0	0	0	0	0¥	0
The Americas								
	Performing	44,762	20,079	7,540	886	135	9,491¥	82,893
	Non-Performing	0	0	67	0	0	3,764¥	3,831
	Gross write-offs	0	0	0	0	0	150¥	150
Other than non-recourse loans								
Real estate companies in Japan								
	Performing	205,004	67,092	33,558	23,295	19,072	67,088¥	415,109
	Non-Performing	0	0	0	0	8	549¥	557
	Gross write-offs	0	0	0	0	0	78¥	78
Real estate companies in overseas								
	Performing	57,678	2,458	8,833	2,828	504	6,469¥	78,770
	Non-Performing	104	6,964	6,586	8,013	4,326	26,279¥	52,272
	Gross write-offs	0	0	0	0	0	0¥	0
Commercial, industrial and other companies in Japan								
	Performing	131,439	38,390	20,382	10,761	6,412	17,740¥	225,124
	Non-Performing	415	58	130	11	76	86¥	776
	Gross write-offs	0	0	0	0	6	140¥	146
Commercial, industrial and other companies in overseas								
	Performing	201,218	65,823	52,823	110,226	16,621	68,597¥	515,308
	Non-Performing	1,870	8,232	2,873	31,821	7,509	9,714¥	62,019
	Gross write-offs	65	181	73	2,485	18	1,226¥	4,048
Loans to Equity method investees:								
	Performing	515	111,724	2,028	0	1,583	14,858¥	130,708
	Non-Performing	0	0	0	0	0	1,345¥	1,345
	Gross write-offs	0	0	55	39	0	161¥	255
Purchased loans:								
	Performing	0	52	14	476	86	19,497¥	20,125
	Non-Performing	0	0	0	31	0	1,233¥	1,264

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

		March 31, 2025						
		Millions of yen						
Portfolio segment		Origination year (years ended March 31)						
Class	Credit Quality	2025	2024	2023	2022	2021	Prior	Total
	Gross write-offs	0	0	0	57	255	7,235¥	7,547
Net investment in leases:								
	Performing	448,045	316,681	179,111	89,639	47,256	64,828¥	¥1,145,560
	Non-Performing	2,381	5,398	4,893	1,879	836	6,433¥	21,820
	Gross write-offs	0	456	1,029	538	353	1,129¥	3,505
Japan								
	Performing	199,069	145,491	101,351	67,720	40,680	60,287¥	614,598
	Non-Performing	160	628	763	808	500	1,506¥	4,365
	Gross write-offs	0	34	135	254	256	627¥	1,306
Overseas								
	Performing	248,976	171,190	77,760	21,919	6,576	4,541¥	530,962
	Non-Performing	2,221	4,770	4,130	1,071	336	4,927¥	17,455
	Gross write-offs	0	422	894	284	97	502¥	2,199
Total								
(excluding revolving repayment card loans)								
	Performing	¥1,673,007	¥829,285	¥474,623	¥388,324	¥319,263	¥1,211,160	¥4,895,662
	Non-Performing	5,356	22,073	17,650	43,841	13,423	60,979¥	163,322
	Gross write-offs	271	2,410	2,293	3,225	640	10,189¥	19,028

Note: Loans held for sale, policy loan receivables of an insurance entity and financing receivables, such as accounts receivable are not included in the table above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The information about card loans to consumer borrowers with a revolving repayment feature that cannot be classified into the origination year as of March 31, 2024 and 2025 and the gross write-offs, corresponding to card loans, recorded during fiscal 2024 and 2025 is as follows:

		March 31, 2024			
		Millions of yen			
<u>Portfolio segment</u>		Revolving	Modification of	Total—revolving	Total—
<u>Credit quality</u>		repayment	collection condition	repayment card	financial assets
		card loans	by relief of contract	loans	measured at amortized
			condition		cost
Consumer borrowers:					
Performing	¥72,353	¥	0	¥72,353	¥4,785,497
					¥4,857,850
Non-Performing	0		0	0	¥ 109,381
					¥ 109,381
Gross write-offs	780		138	918	¥ 62,275
					¥ 63,193

		March 31, 2025			
		Millions of yen			
<u>Portfolio segment</u>		Revolving	Modification of	Total—revolving	Total—
<u>Credit quality</u>		repayment	collection condition	repayment card	financial assets
		card loans	by relief of contract	loans	measured at amortized
			condition		cost
Consumer borrowers:					
Performing	¥67,874	¥	0	¥67,874	¥4,895,662
					¥4,963,536
Non-Performing	0		0	0	¥ 163,322
					¥ 163,322
Gross write-offs	0		0	0	¥ 19,028
					¥ 19,028

Of non-performing assets, the Company and its subsidiaries consider smaller balance homogeneous loans (including real estate loans and card loans, among others, which are not restructured) and net investment in leases as the 90 days or more past-due financing receivables not individually evaluated, and consider all others as the loans individually evaluated. After the Company and its subsidiaries have set aside a provision for those non-performing assets, the Company and its subsidiaries continue to monitor at least on a quarterly basis the quality of any underlying collateral, the business conditions of the debtors and other important factors in order to report to management and develop additional provision for credit losses as necessary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following table provides information about the past-due financial assets as of March 31, 2024 and 2025:

		March 31, 2024			
		Millions of yen			
Portfolio segment	Class	Past-due financial assets			Total financing receivables
		30-89 days past-due	90 days or more past-due	Total past-due	
Consumer borrowers		¥ 3,994	¥ 4,458	¥ 8,452	¥2,070,449
	Real estate loans	2,064	2,178	4,242	1,947,461
	Card loans	0	0	0	72,353
	Other	1,930	2,280	4,210	50,635
Corporate borrowers		12,576	27,469	40,045	1,469,857
Non-recourse loans	Japan	0	0	0	145,286
	The Americas	2,502	1,126	3,628	50,263
Other than non-recourse loans	Real estate companies in Japan	113	115	228	334,506
	Real estate companies in overseas	1,080	17,619	18,699	59,759
	Commercial, industrial and other companies in Japan	1,666	355	2,021	180,896
	Commercial, industrial and other companies in overseas	7,215	8,254	15,469	699,147
Loans to Equity method investees . . .		0	0	0	251,929
Net investment in leases		23,376	18,995	42,371	1,155,023
	Japan	2,525	4,372	6,897	624,094
	Overseas	20,851	14,623	35,474	530,929
Total		<u>¥39,946</u>	<u>¥50,922</u>	<u>¥90,868</u>	<u>¥4,947,258</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

		March 31, 2025			
		Millions of yen			
Portfolio segment	Class	Past-due financial assets			Total financing receivables
		30-89 days past-due	90 days or more past-due	Total past-due	
Consumer borrowers		¥ 4,481	¥ 7,645	¥ 12,126	¥2,067,900
	Real estate loans	2,536	5,423	7,959	1,956,816
	Card loans	355	0	355	67,874
	Other	1,590	2,222	3,812	43,210
Corporate borrowers		9,896	83,940	93,836	1,738,136
Non-recourse loans	Japan	0	0	0	301,477
	The Americas	2,141	3,696	5,837	86,724
Other than non-recourse loans	Real estate companies in Japan	200	29	229	415,666
	Real estate companies in overseas	36	51,274	51,310	131,042
	Commercial, industrial and other companies in Japan	1,992	520	2,512	225,900
	Commercial, industrial and other companies in overseas	5,527	28,421	33,948	577,327
Loans to Equity method investees . . .		0	0	0	132,053
Net investment in leases		20,113	20,577	40,690	1,167,380
	Japan	3,851	3,915	7,766	618,963
	Overseas	16,262	16,662	32,924	548,417
Total		<u>¥34,490</u>	<u>¥112,162</u>	<u>¥146,652</u>	<u>¥5,105,469</u>

Note: Loans held for sale, policy loans receivable of an insurance entity and purchased loans are not included in the table above.

In common with all classes, the Company and its subsidiaries consider financial assets as past-due financial assets when principal or interest is past-due 30 days or more. Loans whose terms have been modified are not classified as past-due financial assets if the principal and interest are not past-due 30 days or more in accordance with the modified terms.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following table provides information about non-accrual of financial assets as of March 31, 2024 and 2025:

		March 31, 2024		
		Millions of yen		
	Beginning balance	Ending balance	Interest income recognized during the reporting period	Balance not associated allowance for credit losses among financial assets measured at amortized cost, which is suspending recognition of income
Non-accrual of financial assets:				
Installment loans to consumer borrowers:				
Real estate loans				
Japan	¥ 1,693	¥ 1,095	¥246	¥ 129
Overseas	547	1,107	0	100
Card loans				
Japan	1,367	0	27	0
Other				
Japan	5,429	96	169	7
Overseas	1,105	2,574	0	35
Installment loans to corporate borrowers:				
Non-recourse loans				
The Americas	3,248	3,116	0	0
Other than non-recourse loans				
Real estate companies				
Japan	219	115	45	4
Overseas	12,804	16,093	0	0
Commercial, industrial and other companies				
Japan	1,118	355	312	42
Overseas	20,470	27,636	0	2,319
Loans to Equity method investees	667	1,929	0	1,282
Net investment in leases	16,627	19,002	0	0
Total	¥65,294	¥73,118	¥799	¥3,918

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

	March 31, 2025			
	Millions of yen			
	Beginning balance	Ending balance	Interest income recognized during the reporting period	Balance not associated allowance for credit losses among financial assets measured at amortized cost, which is suspending recognition of income
Non-accrual of financial assets:				
Installment loans to consumer borrowers:				
Real estate loans				
Japan	¥ 1,095	¥ 1,235	¥260	¥ 128
Overseas	1,107	4,976	0	0
Other				
Japan	96	86	1	0
Overseas	2,574	2,373	0	4
Installment loans to corporate borrowers:				
Non-recourse loans				
The Americas	3,116	3,831	0	603
Other than non-recourse loans				
Real estate companies				
Japan	115	29	30	0
Overseas	16,093	52,272	0	0
Commercial, industrial and other companies				
Japan	355	520	54	37
Overseas	27,636	60,629	0	2,203
Loans to Equity method investees	1,929	1,345	0	0
Net investment in leases	19,002	20,597	0	0
Total	<u>¥73,118</u>	<u>¥147,893</u>	<u>¥345</u>	<u>¥2,975</u>

The Company and its subsidiaries suspend accruing interest on past-due installment loans and net investment in leases when principal or interest is past-due 90 days or more, or earlier, if management determines that their collections are doubtful based on factors such as individual debtors' creditworthiness, historical loss experience, current delinquencies and delinquency trends. The Company and its subsidiaries return to accrual status non-accrual loans and net investment in leases when it becomes probable that the Company and its subsidiaries will be able to collect all amounts due according to the contractual terms of these loans and lease receivables, as evidenced by continual payments from the debtors. The period of such continual payments before returning to accrual status varies depending on factors that are considered relevant in assessing the debtor's creditworthiness, such as the debtor's business characteristics and financial conditions as well as relevant economic conditions and trends.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following table provides information about troubled debt restructurings of financing receivables that occurred during fiscal 2023.

		Fiscal Year ended March 31, 2023	
Portfolio segment	Class	Millions of yen	
		Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment
Consumer borrowers		¥ 7,977	¥ 6,171
	Real estate loans	10	4
	Card loans	1,536	1,312
	Other	6,431	4,855
Corporate borrowers		10,510	10,507
Other than non-recourse loans	Real estate companies in Japan	231	230
	Commercial, industrial and other companies in overseas	10,279	10,277
Total		<u>¥ 18,487</u>	<u>¥ 16,678</u>

A troubled debt restructuring is defined as a restructuring of a financing receivable in which the creditor grants a concession to the debtor for economic or other reasons related to the debtor's financial difficulties.

The Company and its subsidiaries offer various types of concessions to our debtors to protect as much of the investment as possible in troubled debt restructurings. For the debtors of all financing receivables, the Company and its subsidiaries offer concessions including an extension of the maturity date at an interest rate lower than the current market rate for a debt with similar risk characteristics. In addition, for the debtors of all financing receivables other than non-recourse loans, the Company and its subsidiaries also offer concessions such as a reduction of the loan principal or a temporary reduction in the interest payments. Furthermore, the Company and its subsidiaries may acquire collateral assets from the debtors in troubled debt restructurings to satisfy fully or partially the loan principal or past due interest.

In common with all portfolio segments, financing receivables modified as troubled debt restructurings are recognized as impaired and are individually evaluated for allowance for credit losses. In most cases, these financing receivables have already been considered impaired and individually evaluated for allowance for credit losses prior to the restructurings. However, as a result of the restructuring, the Company and its subsidiaries may recognize additional allowance for credit losses for the restructured receivables.

For fiscal 2023, while there are financial assets for which the payments were deferred other than those in the troubled debt restructuring stated above due to the spread of COVID-19, the payment deferrals, which are determined not to meet the definition of a troubled debt restructuring are not included in the troubled debt restructuring stated the above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following table provides information about financing receivables modified as troubled debt restructurings within the previous 12 months from March 31, 2023 and for which there was a payment default during fiscal 2023:

Portfolio segment	Fiscal Year ended March 31, 2023	
	Class	Millions of yen Recorded investment
Consumer borrowers		¥ 808
	Real estate loans	5
	Card loans	2
	Other	801
Corporate borrowers		4,692
Other than non-recourse loans	Commercial, industrial and other companies in overseas	4,692
Total		<u>¥5,500</u>

The Company and its subsidiaries consider financing receivables whose terms have been modified in a restructuring as defaulted receivables when principal or interest is past-due 90 days or more in accordance with the modified terms.

In common with all portfolio segments, the Company and its subsidiaries suspend accruing interest and may recognize additional allowance for credit losses as necessary for the defaulted financing receivables.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following table provides information about modifications of financing receivables made to debtors experiencing financial difficulty that occurred during fiscal 2024 and 2025:

Fiscal Year ended March 31, 2024						
Millions of yen						
Portfolio segment	Interest rate reduction		Term extension		Principal forgiveness	
Class	Amortized cost basis	% of total class of financing receivable	Amortized cost basis	% of total class of financing receivable	Amortized cost basis	% of total class of financing receivable
Consumer borrowers	¥1,266	0.1	¥ 4,652	0.2	¥ 42	0.0
Real estate loans	5	0.0	1	0.0	1	0.0
Card loans	1,176	1.6	6	0.0	40	0.1
Other	85	0.2	4,645	9.2	1	0.0
Corporate borrowers	0	0	4,499	0.3	932	0.1
Non-recourse loans	0	0	1,277	0.7	0	0
The Americas	0	0	1,277	2.5	0	0
Other than non-recourse loans	0	0	3,222	0.3	932	0.1
Real estate companies in						
Japan	0	0	69	0.0	0	0
Commercial, industrial and other companies in Japan ...	0	0	711	0.4	0	0
Commercial, industrial and other companies in overseas	0	0	2,442	0.3	932	0.1
Loans to Equity method investees	0	0	955	0.4	0	0
Total	<u>¥1,266</u>	<u>0.0</u>	<u>¥10,106</u>	<u>0.2</u>	<u>¥ 974</u>	<u>0.0</u>

Fiscal Year ended March 31, 2024						
Millions of yen						
Portfolio segment	Combination - interest rate reduction and term extension		Combination - interest rate reduction and principal forgiveness		Combination - term extension and principal forgiveness	
Class	Amortized cost basis	% of total class of financing receivable	Amortized cost basis	% of total class of financing receivable	Amortized cost basis	% of total class of financing receivable
Consumer borrowers	¥ 93	0.0	¥ 546	0.0	¥ 365	0.0
Real estate loans	0	0	2	0.0	0	0
Card loans	0	0.0	525	0.7	0	0
Other	93	0.2	19	0.0	365	0.7
Corporate borrowers	446	0.0	0	0	220	0.0
Non-recourse loans	0	0	0	0	0	0
The Americas	0	0	0	0	0	0
Other than non-recourse loans	446	0.0	0	0	220	0.0
Real estate companies in						
Japan	0	0	0	0	0	0
Commercial, industrial and other companies in Japan ...	0	0	0	0	0	0
Commercial, industrial and other companies in overseas	446	0.1	0	0	220	0.0
Loans to Equity method investees	0	0	0	0	3,392	1.3
Total	<u>¥ 539</u>	<u>0.0</u>	<u>¥ 546</u>	<u>0.0</u>	<u>¥3,977</u>	<u>0.1</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

		Fiscal Year ended March 31, 2024	
		Millions of yen	
<u>Portfolio segment</u>		Combination - interest rate reduction, term extension and principal forgiveness	
<u>Class</u>		Amortized cost basis	% of total class of financing receivable
Consumer borrowers		¥ 0	0
Real estate loans		0	0
Card loans		0	0
Other		0	0
Corporate borrowers		327	0.0
Non-recourse loans		0	0
The Americas		0	0
Other than non-recourse loans		327	0.0
Real estate companies in Japan		0	0
Commercial, industrial and other companies in Japan		0	0
Commercial, industrial and other companies in overseas		327	0.0
Loans to Equity method investees		0	0
Total		<u>¥327</u>	<u>0.0</u>

Fiscal Year ended March 31, 2025						
Millions of yen						
Portfolio segment	Interest rate reduction		Term extension		Principal forgiveness	
Class	Amortized cost basis	% of total class of financing receivable	Amortized cost basis	% of total class of financing receivable	Amortized cost basis	% of total class of financing receivable
Consumer borrowers	¥2	0.0	¥ 50	0.0	¥ 0	0
Other	2	0.0	50	0.1	0	0
Corporate borrowers	0	0	11,318	0.7	16	0.0
Non-recourse loans	0	0	2,141	0.6	0	0
The Americas	0	0	2,141	2.5	0	0
Other than non-recourse loans	0	0	9,177	0.7	16	0.0
Real estate companies in Japan	0	0	1,272	0.3	0	0
Real estate companies in overseas	0	0	0	0	0	0
Commercial, industrial and other companies in Japan	0	0	623	0.2	0	0
Commercial, industrial and other companies in overseas	0	0	7,282	1.3	16	0.0
Loans to Equity method investees	0	0	933	0.7	0	0
Total	<u>¥2</u>	<u>0.0</u>	<u>¥12,301</u>	<u>0.2</u>	<u>¥16</u>	<u>0.0</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

<u>Portfolio segment</u>	<u>Combination - interest rate reduction and term extension</u>	
	<u>Amortized cost basis</u>	<u>% of total class of financing receivable</u>
<u>Class</u>		
Consumer borrowers	¥ 138	0.0
Other	138	0.3
Corporate borrowers	14,407	0.8
Non-recourse loans	0	0
The Americas	0	0
Other than non-recourse loans	14,407	1.1
Real estate companies in Japan	0	0
Real estate companies in overseas	1,701	1.3
Commercial, industrial and other companies in Japan	0	0
Commercial, industrial and other companies in overseas	12,706	2.2
Loans to Equity method investees	0	0
Total	¥ 14,545	0.3

The Company and its subsidiaries offer various types of concessions to the debtors to protect as much of the investment as possible in modifications of financing receivables made to debtors experiencing financial difficulty. For the debtors of all financing receivables, the Company and its subsidiaries offer concessions including an interest rate reduction and a term extension. In addition, for the debtors of all financing receivables other than non-recourse loans, the Company and its subsidiaries also offer concessions such as a principal forgiveness or a temporary reduction in the interest payments. Furthermore, the Company and its subsidiaries may acquire collateral assets from the debtors in modifications of financing receivables made to debtors experiencing financial difficulty to satisfy fully or partially the loan principal or past due interest.

In common with all portfolio segments, financing receivables modified to debtors experiencing financial difficulty are recognized as impaired and are individually evaluated for allowance for credit losses, taking into account payment default and repayment status after modifications. In most cases, these financing receivables have already been considered impaired and individually evaluated for allowance for credit losses prior to the modifications. However, as a result of the modification, the Company and its subsidiaries may recognize additional allowance for credit losses for the modified receivables.

The following table provides information about the financial effect of the modifications of financing receivables made to debtors experiencing financial difficulty that occurred during fiscal 2024 and 2025:

<u>Portfolio segment</u>	<u>Fiscal Year ended March 31, 2024</u>		
	<u>Millions of yen</u>		
	<u>Financial effect</u>		
	<u>Interest rate reduction</u>	<u>Term extension</u>	<u>Principal forgiveness</u>
Consumer borrowers			
Real estate loans	Reduced weighted-average contractual interest rate from 5.3% to 0.0%.	Added a weighted-average 1.0 years to the life of loans.	Reduced the amortized cost basis of the loans by ¥8 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

		Fiscal Year ended March 31, 2024		
		Millions of yen		
Portfolio segment		Financial effect		
Class		Interest rate reduction	Term extension	Principal forgiveness
	Card loans	Reduced weighted-average contractual interest rate from 12.7% to 0.7%.	Added a weighted-average 0.9 years to the life of loans.	Reduced the amortized cost basis of the loans by ¥185 million.
	Other	Reduced weighted-average contractual interest rate from 14.6% to 5.3%.	Added a weighted-average 4.9 years to the life of loans.	Reduced the amortized cost basis of the loans by ¥785 million.
Corporate borrowers				
	Non-recourse loans			
	The Americas	—	Added a weighted-average 1.0 years to the life of loans.	—
	Other than non-recourse loans			
	Real estate companies in Japan	—	Added a weighted-average 0.5 years to the life of loans.	—
	Commercial, industrial and other companies in Japan	—	Added a weighted-average 1.0 years to the life of loans.	—
	Commercial, industrial and other companies in overseas	Reduced weighted-average contractual interest rate from 8.8% to 6.4%.	Added a weighted-average 3.1 years to the life of loans.	Reduced the amortized cost basis of the loans by ¥1,487 million.
	Loans to Equity method investees	—	Added a weighted-average 0.6 years to the life of loans.	Reduced the amortized cost basis of the loans by ¥624 million.
	Net investment in leases			
	Overseas	—	—	Reduced the amortized cost basis of the loans by ¥0 million.

		Fiscal Year ended March 31, 2025		
		Millions of yen		
Portfolio segment		Financial effect		
Class		Interest rate reduction	Term extension	Principal forgiveness
Consumer borrowers				
	Other	Reduced weighted-average contractual interest rate from 16.5% to 11.8%.	Added a weighted-average 2.4 years to the life of loans.	—
	Corporate borrowers	—	—	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Portfolio segment Class	Fiscal Year ended March 31, 2025		
	Millions of yen		
	Financial effect		
	Interest rate reduction	Term extension	Principal forgiveness
Non-recourse loans			
The Americas	—	Added a weighted-average 0.2 years to the life of loans.	—
Other than non-recourse loans	—	—	—
Real estate companies in Japan	—	Added a weighted-average 2.6 years to the life of loans.	—
Real estate companies in overseas	Reduced weighted-average contractual interest rate from 7.9% to 6.5%.	Added a weighted-average 2.5 years to the life of loans.	—
Commercial, industrial and other companies in Japan	—	Added a weighted-average 0.9 years to the life of loans.	—
Commercial, industrial and other companies in overseas	Reduced weighted-average contractual interest rate from 15.2% to 11.8%.	Added a weighted-average 1.1 years to the life of loans.	Reduced the amortized cost basis of the loans by ¥11 million.
Loans to Equity method investees	—	Added a weighted-average 0.5 years to the life of loans.	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following table provides information about financing receivable that had a payment default and had been modified, when the debtor was experiencing financial difficulty, within the previous 12 months preceding the payment default date during fiscal 2024 and 2025.

Fiscal Year ended March 31, 2024						
Millions of yen						
Portfolio segment Class	Interest rate reduction	Term extension	Principal forgiveness	Combination - interest rate reduction and term extension	Combination - interest rate reduction and principal forgiveness	Combination - term extension and principal forgiveness
Consumer borrowers	¥ 25	¥ 212	¥ 1	¥ 0	¥ 33	¥ 9
Real estate loans	3	0	0	0	0	0
Card loans	18	0	1	0	28	0
Other	4	212	0	0	5	9
Total	<u>¥ 25</u>	<u>¥ 212</u>	<u>¥ 1</u>	<u>¥ 0</u>	<u>¥ 33</u>	<u>¥ 9</u>

Fiscal Year ended March 31, 2025						
Millions of yen						
Portfolio segment Class	Interest rate reduction	Term extension	Principal forgiveness	Combination - interest rate reduction and term extension	Combination - interest rate reduction and principal forgiveness	Combination - term extension and principal forgiveness
Consumer borrowers	¥ 0	¥ 0	¥ 0	¥ 17	¥ 0	¥ 0
Other	0	0	0	17	0	0
Corporate borrowers	0	0	0	7,620	0	0
Other than non-recourse loans	0	0	0	7,620	0	0
Commercial, industrial and other companies in overseas	0	0	0	7,620	0	0
Total	<u>¥ 0</u>	<u>¥ 0</u>	<u>¥ 0</u>	<u>¥7,637</u>	<u>¥ 0</u>	<u>¥ 0</u>

The Company and its subsidiaries consider financing receivables whose terms have been modified to debtors experiencing financial difficulty as defaulted receivables when principal or interest is past-due 90 days or more in accordance with the modified terms.

In common with all portfolio segments, the Company and its subsidiaries suspend accruing interest and may recognize additional allowance for credit losses as necessary for the defaulted receivables.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following table provides information about the past-due financial assets modified to debtors experiencing financial difficulty within the previous 12 months from March 31, 2024 and 2025:

		March 31, 2024		
		Millions of yen		
Portfolio segment				
Class		Current	30-89 days past-due	90 days or more past-due
Consumer borrowers		¥ 35	¥ 91	¥ 7
Real estate loans		1	0	0
Other		34	91	7
Corporate borrowers		6,140	0	284
Non-recourse loans		1,277	0	0
The Americas		1,277	0	0
Other than non-recourse loans		4,863	0	284
Real estate companies in Japan		37	0	32
Commercial, industrial and other companies in Japan		481	0	230
Commercial, industrial and other companies in overseas		4,345	0	22
Loans to Equity method investees		4,347	0	0
Total		<u>¥10,522</u>	<u>¥ 91</u>	<u>¥291</u>

		March 31, 2025		
		Millions of yen		
Portfolio segment				
Class		Current	30-89 days past-due	90 days or more past-due
Consumer borrowers		¥ 173	¥ 1	¥ 17
Other		173	1	17
Corporate borrowers		23,857	2,141	45
Non-recourse loans		0	2,141	0
The Americas		0	2,141	0
Other than non-recourse loans		23,857	0	45
Real estate companies in Japan		1,243	0	29
Real estate companies in overseas		1,701	0	0
Commercial, industrial and other companies in Japan		623	0	0
Commercial, industrial and other companies in overseas		20,290	0	16
Loans to Equity method investees		933	0	0
Total		<u>¥24,963</u>	<u>¥2,142</u>	<u>¥ 62</u>

As of March 31, 2024 and 2025, there were no foreclosed residential real estate properties. The carrying amounts of installment loans in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure were ¥119 million and ¥79 million as of March 31, 2024 and 2025, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

9. Investment in Securities

Investment in securities as of March 31, 2024 and 2025 consists of the following:

	Millions of yen	
	2024	2025
Equity securities*	¥ 597,601	¥ 626,910
Available-for-sale debt securities	2,665,478	2,607,637
Total	<u>¥3,263,079</u>	<u>¥3,234,547</u>

* The amount of assets under management of variable annuity and variable life insurance contracts included in equity securities were ¥161,244 million and ¥132,313 million as of March 31, 2024 and 2025, respectively. The amount of investment funds and others elected the fair value option included in equity securities were ¥26,945 million and ¥24,960 million as of March 31, 2024 and 2025, respectively.

Gains and losses realized from the sale of equity securities and net unrealized holding gains (losses) on equity securities are included in gains on investment securities and dividends, life insurance premiums and related investment income, and write-downs of securities. For further information, see Note 22 “Gains on Investment Securities and Dividends” and Note 23 “Income and Expenses Relating to Life Insurance Operations.” Net unrealized holding gains (losses) on equity securities held as of March 31, 2023, 2024 and 2025 were gains of ¥18,065 million, ¥53,318 million and ¥4,422 million for fiscal 2023, 2024 and 2025, respectively, which did not include net unrealized holding gains (losses) on both investment funds, and others above mentioned.

Equity securities include non-marketable equity securities and preferred equity securities, etc. elected for the measurement alternative. Upward or downward adjustments resulting from observable price changes are included in gains on investment securities and dividends and life insurance premiums and related investment income. Impairments are included in write-downs of securities. The following tables provide information about impairment and upward or downward adjustments resulting from observable price changes as of March 31, 2024 and 2025, and for fiscal 2024 and 2025.

	Millions of yen				
	March 31, 2024			Fiscal Year ended March 31, 2024	
	Carrying value	Accumulated impairments and downward adjustments	Accumulated upward adjustments	Impairments and downward adjustments	Upward adjustments
Equity securities measured using the measurement alternative	¥96,714	¥(16,171)	¥2,201	¥(774)	¥1,185

	Millions of yen				
	March 31, 2025			Fiscal Year ended March 31, 2025	
	Carrying value	Accumulated impairments and downward adjustments	Accumulated upward adjustments	Impairments and downward adjustments	Upward adjustments
Equity securities measured using the measurement alternative	¥89,554	¥(16,955)	¥3,643	¥(1,438)	¥1,485

Gains and losses realized from the sale of trading debt securities and net unrealized holding gains (losses) on trading debt securities are included in gains on investment securities and dividends. Net unrealized holding

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

gains (losses) on trading debt securities were losses of ¥469 million and ¥96 million during fiscal 2023 and 2024, respectively. There were no gains or losses recognized on trading debt securities during fiscal 2025.

During fiscal 2023, 2024 and 2025, the Company and its subsidiaries sold available-for-sale debt securities for aggregate proceeds of ¥323,773 million, ¥215,674 million and ¥299,890 million, respectively, resulting in gross realized gains of ¥7,757 million, ¥4,137 million and ¥8,499 million, respectively, and gross realized losses of ¥8,367 million, ¥11,090 million and ¥16,517 million, respectively. The cost of the available-for-sale securities or the debt securities sold was based on the average cost of each issue of securities held at the time of the sale.

Certain subsidiaries elected the fair value option for certain investments in investment funds and others included in equity securities whose net asset values do not represent the fair value of investments due to the illiquid nature of these investments. The subsidiaries manage these investments on a fair value basis and the election of the fair value option enables the subsidiaries to reflect more appropriate assumptions to measure the fair value of these investments. As of March 31, 2024 and 2025, these investments were fair valued at ¥26,945 million and ¥24,960 million, respectively.

A certain subsidiary elected the fair value option for investments in foreign government bond securities included in available-for-sale debt securities to mitigate volatility in the consolidated statements of income caused by the difference in recognition of gain or loss that would otherwise exist between the foreign government bond securities and the derivatives used to reduce the risks of fluctuations in market interest rates and exchange rates on these foreign government bond securities. As of March 31, 2024 and 2025, these investments were fair valued at ¥1,000 million and ¥5,379 million, respectively.

A certain subsidiary elected the fair value option for investments in foreign corporate debt securities included in available-for-sale debt securities to mitigate volatility in the consolidated statements of income caused by the difference in recognition of gain or loss that would otherwise exist between the foreign corporate debt securities and the derivatives used to reduce the risks of fluctuations in market interest rates and exchange rates on these foreign corporate debt securities. As of March 31, 2024 and 2025, these investments were fair valued at ¥7,751 million and ¥10,679 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The amortized cost basis amounts, gross unrealized holding gains, gross unrealized holding losses and fair values of available-for-sale debt securities in each major security type as of March 31, 2024 and 2025 are as follows:

March 31, 2024

	Millions of yen				
	<u>Amortized cost</u>	<u>Allowance for credit losses</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Fair value</u>
Available-for-sale debt securities:					
Japanese and foreign government bond securities	¥1,299,025	¥ 0	¥11,526	¥(275,637)	¥1,034,914
Japanese prefectural and foreign municipal bond securities	425,426	(248)	2,623	(26,336)	401,465
Corporate debt securities	905,706	0	21,415	(82,542)	844,579
CMBS and RMBS in the Americas	88,586	0	929	(1,775)	87,740
Other asset-backed securities and debt securities	297,197	(386)	5,496	(5,527)	296,780
	<u>¥3,015,940</u>	<u>¥(634)</u>	<u>¥41,989</u>	<u>¥(391,817)</u>	<u>¥2,665,478</u>

March 31, 2025

	Millions of yen				
	<u>Amortized cost</u>	<u>Allowance for credit losses</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Fair value</u>
Available-for-sale debt securities:					
Japanese and foreign government bond securities	¥1,520,672	¥ 0	¥ 1,325	¥(429,471)	¥1,092,526
Japanese prefectural and foreign municipal bond securities	439,565	(245)	2,408	(34,898)	406,830
Corporate debt securities	906,297	(34)	15,246	(118,964)	802,545
CMBS and RMBS in the Americas	106,578	0	1,053	(880)	106,751
Other asset-backed securities and debt securities	200,924	(391)	5,438	(6,986)	198,985
	<u>¥3,174,036</u>	<u>¥(670)</u>	<u>¥25,470</u>	<u>¥(591,199)</u>	<u>¥2,607,637</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following table presents roll-forwards of the allowance for credit losses for fiscal 2023, 2024 and 2025, respectively.

Millions of yen			
Fiscal Year ended March 31, 2023			
	Foreign municipal bond securities	Japanese other asset- backed securities and debt securities	Total
Beginning	¥132	¥ 21	¥153
Additional increases (decreases) to the allowance for credit losses on AFS debt securities that had an allowance recorded in a previous period, net	0	(21)	(21)
Increase (Decrease) from the effects of changes in foreign exchange rates	<u>12</u>	<u>0</u>	<u>12</u>
Ending	<u>¥144</u>	<u>¥ 0</u>	<u>¥144</u>

Millions of yen			
Fiscal Year ended March 31, 2024			
	Foreign municipal bond securities	Foreign other asset- backed securities and debt securities	Total
Beginning	¥144	¥ 0	¥144
Additions to the allowance for credit losses on available-for-sale debt securities for which credit losses were not previously recorded	80	365	445
Increase (Decrease) from the effects of changes in foreign exchange rates	<u>24</u>	<u>21</u>	<u>45</u>
Ending	<u>¥248</u>	<u>¥386</u>	<u>¥634</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

	Millions of yen			
	Fiscal Year ended			
	March 31, 2025			
	Foreign municipal bond securities	Foreign corporate debt securities	Foreign other asset-backed securities and debt securities	Total
Beginning	¥248	¥ 0	¥ 386	¥ 634
Additions to the allowance for credit losses on available-for-sale debt securities for which credit losses were not previously recorded	0	34	107	141
Additional increases to the allowance for credit losses on available-for-sale debt securities that had an allowance recorded in a previous period	0	0	32	32
Increase (Decrease) from the effects of changes in foreign exchange rates	(3)	0	(134)	(137)
Ending	<u>¥245</u>	<u>¥34</u>	<u>¥ 391</u>	<u>¥ 670</u>

The following tables provide information about available-for-sale debt securities with gross unrealized losses (including allowance for credit losses) and the length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2024 and 2025, respectively:

March 31, 2024

	Millions of yen					
	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale debt securities:						
Japanese and foreign government bond securities	¥288,662	¥(20,561)	¥ 605,941	¥(255,076)	¥ 894,603	¥(275,637)
Japanese prefectural and foreign municipal bond securities . . .	81,368	(573)	234,289	(26,011)	315,657	(26,584)
Corporate debt securities	113,066	(1,317)	418,666	(81,225)	531,732	(82,542)
CMBS and RMBS in the Americas	3,482	(79)	35,880	(1,696)	39,362	(1,775)
Other asset-backed securities and debt securities	46,950	(2,557)	52,382	(3,356)	99,332	(5,913)
	<u>¥533,528</u>	<u>¥(25,087)</u>	<u>¥1,347,158</u>	<u>¥(367,364)</u>	<u>¥1,880,686</u>	<u>¥(392,451)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

March 31, 2025

Millions of yen						
Less than 12 months		12 months or more		Total		
Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	
Available-for-sale debt securities:						
Japanese and foreign government bond securities	¥132,283	¥ (9,785)	¥ 913,742	¥(419,686)	¥1,046,025	¥(429,471)
Japanese prefectural and foreign municipal bond securities . . .	95,936	(3,409)	224,679	(31,734)	320,615	(35,143)
Corporate debt securities	152,094	(5,196)	427,837	(113,802)	579,931	(118,998)
CMBS and RMBS in the Americas	16,940	(103)	15,817	(777)	32,757	(880)
Other asset-backed securities and debt securities	56,671	(411)	35,183	(6,966)	91,854	(7,377)
	<u>¥453,924</u>	<u>¥(18,904)</u>	<u>¥1,617,258</u>	<u>¥(572,965)</u>	<u>¥2,071,182</u>	<u>¥(591,869)</u>

The following table provides information about available-for-sale debt securities with gross unrealized losses for which allowance for credit losses were not recorded and the length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2024 and 2025, respectively:

March 31, 2024

Millions of yen						
Less than 12 months		12 months or more		Total		
Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	
Available-for-sale debt securities:						
Japanese and foreign government bond securities	¥288,662	¥(20,561)	¥ 605,941	¥(255,076)	¥ 894,603	¥(275,637)
Japanese prefectural and foreign municipal bond securities . . .	80,058	(488)	230,512	(25,848)	310,570	(26,336)
Corporate debt securities	113,066	(1,317)	418,666	(81,225)	531,732	(82,542)
CMBS and RMBS in the Americas	3,482	(79)	35,880	(1,696)	39,362	(1,775)
Other asset-backed securities and debt securities	45,517	(2,474)	51,812	(2,932)	97,329	(5,406)
	<u>¥530,785</u>	<u>¥(24,919)</u>	<u>¥1,342,811</u>	<u>¥(366,777)</u>	<u>¥1,873,596</u>	<u>¥(391,696)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

March 31, 2025

	Millions of yen					
	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale debt securities:						
Japanese and foreign government bond securities	¥132,283	¥ (9,785)	¥ 913,742	¥(419,686)	¥1,046,025	¥(429,471)
Japanese prefectural and foreign municipal bond securities . . .	94,691	(3,325)	220,950	(31,573)	315,641	(34,898)
Corporate debt securities	149,367	(5,128)	427,837	(113,802)	577,204	(118,930)
CMBS and RMBS in the Americas	16,940	(103)	15,817	(777)	32,757	(880)
Other asset-backed securities and debt securities	56,671	(340)	34,868	(6,553)	91,539	(6,893)
	<u>¥449,952</u>	<u>¥(18,681)</u>	<u>¥1,613,214</u>	<u>¥(572,391)</u>	<u>¥2,063,166</u>	<u>¥(591,072)</u>

The number of investment securities that were in an unrealized loss position as of March 31, 2024 and 2025 were 1,126 and 1,272, respectively. The gross unrealized losses on these debt securities are attributable to a number of factors including changes in interest rates, credit spreads and market trends.

As of March 31, 2024 and 2025, the amount of accrued interest on available-for-sale debt securities were ¥13,960 million and ¥14,545 million, respectively, which was included in other assets. The Company and its subsidiaries estimate credit losses and develop an allowance for credit losses for accrued interest receivables. There was no allowance for credit losses for accrued interest receivables as of March 31, 2024 and 2025.

For available-for-sale debt securities, if the fair value is less than the amortized cost, the debt securities are impaired. The Company and its subsidiaries identify per each impaired security whether the decline of fair value is due to credit losses component or non-credit losses component. Impairment related to credit losses is recognized in earning through an allowance for credit losses. Impairment related to other factors than credit losses is recognized in other comprehensive income (loss), net of applicable income taxes. In estimating an allowance of credit losses, the Company and its subsidiaries consider the existence of credit losses if the present value of estimated cash flows is less than the amortized cost basis. When the Company and its subsidiaries intend to sell the debt securities for which an allowance for credit losses is previously established or it is more likely than not that the Company and its subsidiaries will be required to sell the debt securities before recovery of the amortized cost basis, the allowance for credit losses is fully written-off and the amortized cost is reduced to the fair value after recognizing additional impairment in earnings. In addition, the Company and its subsidiaries recognize in earnings the full difference between the amortized cost and the fair value of the debt securities by direct write-down, without any allowance for credit losses, if the debt securities are expected to be sold and the fair value is less than the amortized cost.

Reversals of credit losses related to available-for-sale debt securities recognized for fiscal 2023 resulted from the redemption of Japanese other asset-backed and debt securities, as of March 31, 2023. Credit losses related to available-for-sale debt securities recognized for fiscal 2024 resulted from the respective deterioration of cash flows relating to foreign municipal bond securities and foreign other asset-backed securities and debt

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

securities, as of March 31, 2024. Credit losses related to available-for-sale debt securities recognized for fiscal 2025 resulted from the respective deterioration of the issuers' credit conditions and cash flows relating to foreign corporate debt securities and foreign other asset-backed securities and debt securities, as of March 31, 2025. The evaluation of credit losses with available-for-sale debt securities is compared to the amortized cost of debt securities with the present value of cash flows estimated based on a number of overall conditions, including estimated fair value of the underlying receivables and the repayment priority of the securities. Because the Company and its subsidiaries do not intend to sell the debt security and it is not more likely than not that the Company and its subsidiaries will be required to sell the debt security before recovery of its amortized cost basis, the Company and its subsidiaries recognized the allowance for credit losses.

Unrealized losses on available-for-sale debt securities mainly result from changes in market interest rates and foreign exchange rates, and changes in risk premiums. In order to evaluate the recoverability of the available-for-sale debt securities, the Company and its subsidiaries utilize all available information such as an issuer's financial condition and business outlook. The fair value of Japanese and foreign government bond securities, Japanese prefectural and foreign municipal bond, and corporate debt securities is mainly estimated based on prices for similar assets. If there are no prices for similar assets available, the fair value of these securities is estimated by using discounted cash flow methodologies and broker quotes. The fair value of CMBS and RMBS in the Americas and other asset-backed securities and debt securities refers to prices from independent pricing service vendors and brokers, such as trading prices and bit prices. If the Company and its subsidiaries cannot rely on such prices, the fair value is calculated by using discounted cash flow methodologies and broker quotes. In discounted cash flow methodologies, future cash flows estimated based on a number of assumptions such as default rate, prepayment rate, and seniority are discounted by discount rate adjusted for credit risk and liquidity risk.

The following is a summary of the contractual maturities of available-for-sale debt securities as of March 31, 2025:

Available-for-sale debt securities held as of March 31, 2025

	Millions of yen	
	Amortized cost	Fair value
Due within one year	¥ 50,655	¥ 50,294
Due after one to five years	348,552	347,285
Due after five to ten years	410,186	407,825
Due after ten years	2,364,643	1,802,233
	<u>¥3,174,036</u>	<u>¥2,607,637</u>

Debt securities not due at a single maturity date, such as mortgage-backed securities, are included in the above table based on their final maturities.

Certain borrowers may have the right to call or prepay obligations. This right may cause actual maturities to differ from the contractual maturities summarized above.

Included in finance revenues in the consolidated statements of income is interest income on investment securities of ¥19,906 million, ¥26,331 million and ¥29,140 million for fiscal 2023, 2024 and 2025, respectively.

There were no available-for-sale debt securities accounted for as purchased credit deterioration financial assets acquired during fiscal 2024 and 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

10. Transfer of Financial Assets

The Company and its subsidiaries have securitized and transferred financial assets such as installment loans (commercial mortgage loans, housing loans and other).

In the securitization process, these financial assets are transferred to SPEs that issue beneficial interests of the securitization trusts and securities backed by the financial assets to investors. The cash flows collected from these assets transferred to the SPEs are then used to repay these asset-backed beneficial interests and securities. As the transferred assets are isolated from the Company and its subsidiaries, the investors and the SPEs have no recourse to other assets of the Company and its subsidiaries in cases where the debtors or the issuers of the transferred financial assets fail to perform under the original terms of those financial assets.

The Company and its subsidiaries often have continuing involvement with transferred financial assets by retaining the servicing arrangements and the interests in the SPEs in the form of the beneficial interest of the securitization trusts. Those interests that continue to be held include interests in the transferred assets and are often subordinate to other tranche(s) of the securitization. Those beneficial interests that continue to be held by the Company and its subsidiaries are subject to credit risk, interest rate risk and prepayment risk on the securitized financial assets. With regards to these subordinated interests that the Company and its subsidiaries retain, they are subordinated to the senior investments and are exposed to different credit and prepayment risks, since they first absorb the risk of the decline in the cash flows from the financial assets transferred to the SPEs for defaults and prepayment of the transferred assets. If there is any excess cash remaining in the SPEs after payment to investors in the securitization of the contractual rate of returns, most of such excess cash is distributed to the Company and its subsidiaries for payments of the subordinated interests. SPEs used in securitization transactions have been consolidated if the Company and its subsidiaries are the primary beneficiary of the SPEs.

When the Company and its subsidiaries have transferred financial assets to a transferee that is not subject to consolidation, the Company and its subsidiaries account for the transfer as a sale if control over the transferred assets is surrendered.

During fiscal 2023, 2024 and 2025, the amount of installment loans that has been derecognized due to new securitization and transfer of loans were ¥905,218 million, ¥795,328 million and ¥782,613 million, respectively. For fiscal 2023, 2024 and 2025, gains (losses) from the securitization and transfer of loans were ¥18,462 million, ¥14,622 million and ¥17,057 million, respectively, which is included in finance revenues in the consolidated statements of income.

A certain subsidiary originates and sells loans into the secondary market while retaining the obligation to service those loans. In addition, the subsidiary undertakes obligations to service loans originated by others. The servicing assets related to those servicing activities are included in other assets in the consolidated balance sheets and roll-forwards of the amount of the servicing assets during fiscal 2024 and 2025 are as follows:

	Millions of yen	
	2024	2025
Beginning balance	¥ 72,265	¥ 79,723
Increase mainly from loans sold with servicing retained	7,888	8,485
Decrease mainly from amortization	(10,039)	(10,829)
Increase (Decrease) from the effects of changes in foreign exchange rates . . .	9,609	(923)
Ending balance	<u>¥ 79,723</u>	<u>¥ 76,456</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The fair value of the servicing assets as of March 31, 2024 and 2025 are as follows:

	Millions of yen	
	March 31, 2024	March 31, 2025
Beginning balance	¥101,375	¥122,641
Ending balance	¥122,641	¥116,745

11. Variable Interest Entities

The Company and its subsidiaries use SPEs in the ordinary course of business.

These SPEs are not always controlled by voting rights, and there are cases where voting rights do not exist for these SPEs. The Company and its subsidiaries determine a variable interest entity (hereinafter, “VIE”) among those SPEs when (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support provided by any parties, including the equity holders or (b) as a group, the holders of the equity investment at risk do not have (1) the ability to make decisions about an entity’s activities that most significantly impact the entity’s economic performance through voting rights or similar rights, (2) the obligation to absorb the expected losses of the entity or (3) the right to receive the expected residual returns of the entity.

The Company and its subsidiaries perform a qualitative analysis to identify the primary beneficiary of VIEs. An enterprise that has both of the following characteristics is considered to be the primary beneficiary and therefore results in the consolidation of the VIE:

- the power to direct the activities of a VIE that most significantly impact the entity’s economic performance; and
- the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE.

All facts and circumstances are taken into consideration when determining whether the Company and its subsidiaries have variable interests that would deem it the primary beneficiary and therefore require consolidation of the VIE. The Company and its subsidiaries make ongoing reassessment of whether they are the primary beneficiaries of a VIE.

The following are the factors that the Company and its subsidiaries are considering in a qualitative assessment:

- which activities most significantly impact the economic performance of the VIE and who has the power to direct such activities;
- characteristics of the Company and its subsidiaries’ variable interest or interests and other involvements (including involvement of related parties and de facto agents);
- involvement of other variable interest holders; and
- the entity’s purpose and design, including the risks that the entity was designed to create and pass through to its variable interest holders.

The Company and its subsidiaries generally consider the following types of involvement to be significant when determining the primary beneficiary:

- designing the structuring of a transaction;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

- providing an equity investment and debt financing;
- being the investment manager, asset manager or servicer and receiving variable fees; and
- providing liquidity and other financial support.

The Company and its subsidiaries do not have the power to direct activities of a VIE that most significantly impact the VIE's economic performance if that power is shared among multiple unrelated parties, and accordingly do not consolidate such VIE.

Information about VIEs (consolidated and non-consolidated) for the Company and its subsidiaries are as follows:

1. Consolidated VIEs

March 31, 2024

<u>Types of VIEs</u>	<u>Millions of yen</u>			
	<u>Total assets*1</u>	<u>Total liabilities*1</u>	<u>Assets which are pledged as collateral*2</u>	<u>Commitments*3</u>
(a) VIEs for acquisition of real estate and real estate development projects for customers	¥ 1,657	¥ 1	¥ 0	¥ 0
(b) VIEs for acquisition of real estate for the Company and its subsidiaries' real estate-related business	51,654	10,461	16,434	0
(c) VIEs for corporate rehabilitation support business	5,043	29	0	0
(d) VIEs for investment in securities	217,715	117	0	77,566
(e) VIEs for securitizing financial assets such as finance lease receivable and loan receivable	213,615	165,062	213,615	0
(f) VIEs for securitization of loan receivable originated by third parties	497	1,015	497	0
(g) VIEs for power generation projects	236,715	156,000	181,610	42,102
(h) Other VIEs	165,278	54,648	122,712	0
Total	<u>¥892,174</u>	<u>¥387,333</u>	<u>¥534,868</u>	<u>¥119,668</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

March 31, 2025

<u>Types of VIEs</u>	<u>Millions of yen</u>			
	<u>Total assets*1</u>	<u>Total liabilities*1</u>	<u>Assets which are pledged as collateral*2</u>	<u>Commitments*3</u>
(a) VIEs for acquisition of real estate and real estate development projects for customers	¥ 0	¥ 0	¥ 0	¥ 0
(b) VIEs for acquisition of real estate for the Company and its subsidiaries' real estate-related business	51,025	10,956	16,769	0
(c) VIEs for corporate rehabilitation support business	5,069	8	0	0
(d) VIEs for investment in securities	225,040	111	0	85,069
(e) VIEs for securitizing financial assets such as finance lease receivable and loan receivable	85,765	66,914	85,765	0
(f) VIEs for securitization of loan receivable originated by third parties	0	0	0	0
(g) VIEs for power generation projects	112,360	76,429	105,499	56,959
(h) Other VIEs	146,801	65,311	135,064	0
Total	<u>¥626,060</u>	<u>¥219,729</u>	<u>¥343,097</u>	<u>¥142,028</u>

*1 The assets of most VIEs are used only to repay the liabilities of the VIEs, and the creditors of the liabilities of most VIEs have no recourse to other assets of the Company and its subsidiaries.

*2 The assets are pledged as collateral by VIE for financing of the VIE.

*3 This item represents remaining balance of commitments that could require the Company and its subsidiaries to provide investments or loans to the VIE.

2. Non-consolidated VIEs

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

March 31, 2024

Types of VIEs	Millions of yen			
	Carrying amount of the variable interests in the VIEs held by the Company and its subsidiaries			Maximum exposure to loss *
	Total assets	Non-recourse loans	Investments	
(a) VIEs for acquisition of real estate and real estate development projects for customers	¥ 1,196,344	¥ 52,666	¥ 11,773	¥ 67,439
(b) VIEs for acquisition of real estate for the Company and its subsidiaries' real estate-related business	0	0	0	0
(c) VIEs for corporate rehabilitation support business	0	0	0	0
(d) VIEs for investment in securities	23,366,221	0	223,264	318,007
(e) VIEs for securitizing financial assets such as finance lease receivable and loan receivable	0	0	0	0
(f) VIEs for securitization of loan receivable originated by third parties	1,396,339	0	14,691	14,691
(g) VIEs for power generation projects	14,830	0	2,630	4,680
(h) Other VIEs	2,308,142	3,778	42,512	70,016
Total	<u>¥28,281,876</u>	<u>¥ 56,444</u>	<u>¥294,870</u>	<u>¥474,833</u>

March 31, 2025

Types of VIEs	Millions of yen			
	Carrying amount of the variable interests in the VIEs held by the Company and its subsidiaries			Maximum exposure to loss *
	Total assets	Non-recourse loans	Investments	
(a) VIEs for acquisition of real estate and real estate development projects for customers	¥ 1,859,420	¥132,495	¥ 11,224	¥149,602
(b) VIEs for acquisition of real estate for the Company and its subsidiaries' real estate-related business	0	0	0	0
(c) VIEs for corporate rehabilitation support business	0	0	0	0
(d) VIEs for investment in securities	32,105,994	0	272,927	375,942
(e) VIEs for securitizing financial assets such as finance lease receivable and loan receivable	0	0	0	0
(f) VIEs for securitization of loan receivable originated by third parties	760,293	0	16,437	16,437
(g) VIEs for power generation projects	19,499	0	3,945	5,195
(h) Other VIEs	2,914,618	3,732	51,661	75,479
Total	<u>¥37,659,824</u>	<u>¥136,227</u>	<u>¥356,194</u>	<u>¥622,655</u>

* Maximum exposure to loss includes remaining balance of commitments that could require the Company and its subsidiaries to provide investments or loans to the VIE.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

(a) VIEs for acquisition of real estate and real estate development projects for customers

Customers, and the Company and its subsidiaries, are involved with VIEs formed to acquire real estate and/or develop real estate projects. In each case, a customer establishes and makes an equity investment in a VIE that is designed to be bankruptcy remote from the customer. The VIEs acquire real estate and/or develop real estate projects.

The Company and its subsidiaries provide non-recourse loans to such VIEs and hold specified bonds issued by them and/or make investments in them. The Company and its subsidiaries have consolidated certain VIEs because the Company or its subsidiary effectively controls the VIEs by acting as the asset manager of the VIEs.

In the Company's consolidated balance sheets, assets of consolidated VIEs are mainly included in cash and cash equivalents and equity method investments.

With respect to variable interests of non-consolidated VIEs held by the Company and its subsidiaries, non-recourse loans are included in installment loans, and investments are mainly included in investment in securities, equity method investments and other assets in the Company's consolidated balance sheets. The Company and its subsidiaries concluded that the VIEs are not consolidated because the power to direct these VIEs is held by unrelated parties. In some cases, the Company and its subsidiaries concluded that the VIEs are not consolidated because the power to direct these VIEs is shared among multiple unrelated parties. Certain subsidiaries have commitment agreements by which the Company and its subsidiaries may be required to make additional investment in certain such non-consolidated VIEs.

(b) VIEs for acquisition of real estate for the Company and its subsidiaries' real estate-related business

The Company and its subsidiaries establish VIEs and acquire real estate to borrow non-recourse loans from financial institutions and simplify the administration activities necessary for the real estate.

The Company and its subsidiaries consolidate such VIEs even though the Company and its subsidiaries may not have voting rights if substantially all of such VIEs' subordinated interests are issued to the Company and its subsidiaries, and therefore the VIEs are controlled by and for the benefit of the Company and its subsidiaries.

In the Company's consolidated balance sheets, assets of the consolidated VIEs are mainly included in cash and cash equivalents, restricted cash, investment in operating leases, investment in securities, property under facility operations and other assets, and liabilities of those consolidated VIEs are mainly included in long-term debt and other liabilities.

(c) VIEs for corporate rehabilitation support business

Financial institutions, the Company and its subsidiaries are involved with VIEs established for the corporate rehabilitation support business. VIEs receive the funds from investors including the financial institutions, the Company and the subsidiary, and purchase loan receivables due from borrowers which have financial problems, but are deemed to have the potential to recover in the future. The servicing operations for the VIEs are conducted by the subsidiary.

The Company and its subsidiaries consolidated such VIEs since the Company and its subsidiaries have the majority of the investment share of such VIEs, and have the power to direct the activities of the VIEs that most significantly impact the entities' economic performance through the servicing operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

In the Company's consolidated balance sheets, assets of the consolidated VIEs are mainly included in installment loans, and liabilities of those consolidated VIEs are mainly included in trade notes, accounts and other payable and other liabilities.

(d) VIEs for investment in securities

The Company and its subsidiaries have interests in VIEs that are investment funds and mainly invest in equity and debt securities. Such VIEs are managed by certain subsidiaries or fund management companies that are independent of the Company and its subsidiaries.

Certain subsidiaries consolidated certain such VIEs since the subsidiaries have the majority of the investment share of them, and have the power to direct the activities of those VIEs that most significantly impact the entities' economic performance through involvement with the design of the VIEs or other means.

In the Company's consolidated balance sheets, assets of the consolidated VIEs are mainly included in investment in securities and equity method investments, and liabilities of those consolidated VIEs are mainly included in other liabilities. The Company and certain subsidiaries have commitment agreements by which the Company and the subsidiaries may be required to make additional investment or execute loans in certain such consolidated VIEs.

Variable interests of non-consolidated VIEs, which the Company and its subsidiaries have, are included in investment in securities and equity method investments in the Company's consolidated balance sheets. The Company and its subsidiaries have commitment agreements by which the Company and its subsidiaries may be required to make additional investment in certain such non-consolidated VIEs.

(e) VIEs for securitizing financial assets such as finance lease receivable and loan receivable

The Company and its subsidiaries use VIEs to securitize financial assets such as loan receivables. In the securitization process, these financial assets are transferred to SPEs, and the SPEs issue beneficial interests or securities backed by the transferred financial assets to investors. After the securitization, the Company and its subsidiaries continue to hold a subordinated part of the securities and act as a servicer.

The Company and its subsidiaries consolidated such VIEs since the Company and its subsidiaries have the power to direct the activities that most significantly impact the entity's economic performance by designing the securitization scheme and conducting servicing activities, and have a responsibility to absorb losses of the VIEs that could potentially be significant to the entities by retaining the subordinated part of the securities.

In the Company's consolidated balance sheets, assets of the consolidated VIEs are mainly included in restricted cash, net investment in leases and installment loans, and liabilities of those consolidated VIEs are mainly included in long-term debt.

(f) VIEs for securitization of loan receivable originated by third parties

The Company and its subsidiaries invest in CMBS, RMBS and other asset-backed securities originated by third parties. In some cases of such securitization, certain subsidiaries hold the subordinated portion and the subsidiaries act as a special-servicer of the securitization transaction. As the special servicer, the subsidiaries have rights to dispose of real estate collateral related to the securitized commercial mortgage loans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The subsidiaries consolidate certain of these VIEs when the subsidiaries have the power to direct the activities of the VIEs that most significantly impact the entities' economic performance through its role as special-servicer, including the right to dispose of the collateral, and have a responsibility to absorb losses of the VIEs that could potentially be significant to the entities by holding the subordinated part of the securities.

In the Company's consolidated balance sheets, assets of the consolidated VIEs are mainly included in investment in operating leases, and liabilities of those consolidated VIEs are mainly included in long-term debt.

Variable interests of non-consolidated VIEs, which the Company and its subsidiaries have, are included in investment in securities in the Company's consolidated balance sheets.

(g) VIEs for power generation projects

The Company and its subsidiaries may use VIEs in power generation projects. VIEs receive the funds from the Company and its subsidiaries, construct solar power stations and coal-biomass co-fired power plants on acquired or leased lands, and sell the generated power to electric power companies. The Company and its subsidiaries have consolidated certain VIEs because the Company and its subsidiaries have the majority of the investment shares of such VIEs and effectively control the VIEs by acting as the asset manager of the VIEs.

In the Company's consolidated balance sheets, assets of the consolidated VIEs are mainly included in cash and cash equivalents, restricted cash, property under facility operations and other assets, and liabilities of those consolidated VIEs are mainly included in long-term debt and other liabilities. The Company and certain subsidiaries have commitment agreements by which the Company and the subsidiaries may be required to make additional investment or execute loans in certain such consolidated VIEs.

Variable interests of non-consolidated VIEs, which the Company has, are included in equity method investments in the Company's consolidated balance sheets. The Company has commitment agreements by which the Company may be required to make additional investment in certain such non-consolidated VIEs.

(h) Other VIEs

The Company and its subsidiaries are involved with other types of VIEs for various purposes. Consolidated and non-consolidated VIEs of this category are mainly kumiai structures. In addition, certain subsidiaries have consolidated VIEs that are not included in the categories (a) through (g) above, because the subsidiaries hold the subordinated portion of the VIEs and the VIEs are effectively controlled by the subsidiaries.

In Japan, certain subsidiaries provide investment products to their customers that employ a contractual mechanism known as a kumiai, which in part result in the subsidiaries forming a type of SPEs. As a way to finance the purchase of aircraft or other large-ticket items to be leased to third parties, the Company and its subsidiaries arrange and market kumiai products to investors, who invest a portion of the funds necessary into the kumiai structure. The remainder of the purchase funds is borrowed by the kumiai structure in the form of a non-recourse loan from one or more financial institutions. The kumiai investors (and any lenders to the kumiai structure) retain all of the economic risks and rewards in connection with purchasing and leasing activities of the kumiai structure, and all related gains or losses are recorded on the financial statements of the investors in the kumiai. The Company and its subsidiaries are responsible for the arrangement and marketing of these products and may act as servicer or administrator in kumiai transactions. The fee income for the arrangement and administration of these transactions is recognized in the Company's consolidated statements of income. In some cases, the Company and its subsidiaries make investments in the kumiai or its related SPEs, and these VIEs are

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

consolidated because the Company and its subsidiaries have a responsibility to absorb any significant potential loss through the investments and have the power to direct the activities that most significantly impact their economic performance. In other cases, the Company and its subsidiaries are not considered to be the primary beneficiary of the VIEs or kumiais because the Company and its subsidiaries did not make significant investments or guarantee or otherwise undertake any significant financial commitments or exposure with respect to the kumiai or its related SPEs.

The Company may use VIEs for financing. The Company transfers its own held assets to SPEs, which borrow non-recourse loan from financial institutions and effectively pledge such assets as collateral. The Company continually holds subordinated interests in the SPEs and performs administrative work of such assets. The Company consolidates such SPEs because the Company has a right to direct the activities of them that most significantly impact their economic performance by setting up the scheme and performing administrative work of the assets and has the obligation to absorb expected losses of them by holding the subordinated interests.

In the Company's consolidated balance sheets, assets of the consolidated VIEs are mainly included in investment in operating leases, equity method investments, office facilities and other assets, and liabilities of those consolidated VIEs are mainly included in long-term debt and other liabilities.

With respect to variable interests of non-consolidated VIEs held by the Company and its subsidiaries, non-recourse loans are included in installment loans, and investments are mainly included in investment in securities and equity method investments in the Company's consolidated balance sheets. Certain subsidiaries have commitment agreements by which the Company and its subsidiaries may be required to make additional investment in certain such non-consolidated VIEs.

12. Equity method investments

Equity method investments at March 31, 2024 and 2025 consists of the following:

	Millions of yen	
	2024	2025
Investment in corporate entities	¥1,002,560	¥ 973,795
Investment in real estate joint ventures	124,537	137,274
Investment in partnerships and other investments	186,790	208,946
	¥1,313,887	¥1,320,015

Certain equity method investees are listed on stock exchanges. The aggregate investment in and quoted market value of those equity method investees amounted to ¥163,074 million and ¥157,932 million, respectively, as of March 31, 2024 and ¥107,524 million and ¥107,466 million, respectively, as of March 31, 2025.

In fiscal 2023, 2024 and 2025, the Company and its subsidiaries received dividends from equity method investees of ¥25,574 million, ¥25,820 million and ¥30,151 million, respectively.

In the Company's consolidated balance sheets, the book value of equity method investments over the underlying equity in the net assets of such equity method investees as of date of the most recent available financial statements of the investees were ¥144,709 million and ¥127,779 million as of March 31, 2024 and 2025, respectively. The basis differences mainly consist of goodwill and fair value adjustments for fixed assets. The basis differences would be amortized and adjusted for impairment, if any, and the changes in the differences are included in equity in net income (loss) of equity method investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Companies comprising a significant portion of investment in corporate entities were Kansai Airports (40% of equity share), ORIX Credit Corporation (which changed its name to DOCOMO Finance, Inc on April 1, 2025) (34% of equity share) and Avolon Holdings Limited (30% of equity share) as of March 31, 2024 and 2025.

Combined and condensed information relating to the equity method investees for fiscal 2023, 2024 and 2025 are as follows (some operation data for entities reflect only the period since the Company and its subsidiaries made the investment and on a lag basis):

	Millions of yen		
	2023	2024	2025
Operations:			
Total revenues	¥ 1,792,981	¥ 2,871,734	¥ 5,799,502
Income before income taxes	(372,994)	266,966	607,503
Net income	(432,618)	198,006	420,757
Financial position:			
Total assets	¥19,563,071	¥26,689,362	¥28,275,250
Total liabilities	12,379,335	17,178,962	18,861,607
Total equity	7,183,736	9,510,400	9,413,643

For information about significant transactions between the Company and its subsidiaries, and equity method investees except as described above, see Note 7 “Installment Loans” and Note 31 “Commitments, Guarantees and Contingent Liabilities.”

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

13. Goodwill and Other Intangible Assets

Changes in goodwill by reportable segment for fiscal 2023, 2024 and 2025 are as follows:

	Millions of yen					
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit
Balance at March 31, 2022						
Goodwill	¥12,425	¥16,359	¥ 99,938	¥49,655	¥5,015	¥ 10,971
Accumulated impairment losses . . .	(849)	(191)	0	(39)	(371)	0
	11,576	16,168	99,938	49,616	4,644	10,971
Acquired	3,529	0	119,767	4,028	0	0
Impairment	0	0	0	0	0	0
Other (net)*	0	0	(12,954)	4,524	0	0
Balance at March 31, 2023						
Goodwill	15,954	16,359	206,751	58,207	5,015	10,971
Accumulated impairment losses . . .	(849)	(191)	0	(39)	(371)	0
	15,105	16,168	206,751	58,168	4,644	10,971
Acquired	0	0	4,241	0	0	0
Impairment	0	0	0	0	0	0
Other (net)*	(54)	0	(35,556)	6,840	(192)	(10,971)
Balance at March 31, 2024						
Goodwill	15,900	16,359	175,436	65,047	4,823	0
Accumulated impairment losses . . .	(849)	(191)	0	(39)	(371)	0
	15,051	16,168	175,436	65,008	4,452	0
Acquired	31	0	7,849	0	0	0
Impairment	0	0	(5,520)	0	0	0
Other (net)*	(1,699)	0	(10,623)	3,220	0	0
Balance at March 31, 2025						
Goodwill	13,682	16,359	172,662	68,267	4,452	0
Accumulated impairment losses . . .	(299)	(191)	(5,520)	(39)	0	0
	¥13,383	¥16,168	¥167,142	¥68,228	¥4,452	¥ 0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

	Millions of yen					
	<u>Aircraft and Ships</u>	<u>ORIX USA</u>	<u>ORIX Europe</u>	<u>Asia and Australia</u>	<u>Corporate</u>	<u>Total</u>
Balance at March 31, 2022						
Goodwill	¥ 587	¥142,494	¥149,270	¥ 8,180	¥278	¥495,172
Accumulated impairment losses	(587)	(1,494)	0	(2,785)	0	(6,316)
	0	141,000	149,270	5,395	278	488,856
Acquired	0	0	0	0	0	127,324
Impairment	0	0	0	0	0	0
Other (net)*	0	10,582	9,318	33	0	11,503
Balance at March 31, 2023						
Goodwill	587	153,076	158,588	8,213	278	633,999
Accumulated impairment losses	(587)	(1,494)	0	(2,785)	0	(6,316)
	0	151,582	158,588	5,428	278	627,683
Acquired	0	0	0	0	0	4,241
Impairment	0	0	0	0	0	0
Other (net)*	0	20,298	18,927	554	0	(154)
Balance at March 31, 2024						
Goodwill	587	173,374	177,515	8,767	278	638,086
Accumulated impairment losses	(587)	(1,494)	0	(2,785)	0	(6,316)
	0	171,880	177,515	5,982	278	631,770
Acquired	1,201	0	0	0	0	9,081
Impairment	0	(1,175)	0	0	0	(6,695)
Other (net)*	0	(2,146)	(907)	(143)	0	(12,298)
Balance at March 31, 2025						
Goodwill	1,788	169,734	176,608	8,624	278	632,454
Accumulated impairment losses	(587)	(1,175)	0	(2,785)	0	(10,596)
	<u>¥1,201</u>	<u>¥168,559</u>	<u>¥176,608</u>	<u>¥ 5,839</u>	<u>¥278</u>	<u>¥621,858</u>

* Other (net) includes foreign currency translation adjustments, decreases due to sale of ownership interest in subsidiaries and certain other reclassifications.

As a result of the impairment test, the Company and its subsidiaries recognized no impairment losses on goodwill during fiscal 2023 and 2024. The Company and its subsidiaries recognized impairment losses on goodwill of ¥5,520 million in PE Investment and Concession segment, and ¥1,175 million in ORIX USA segment during fiscal 2025. These impairment losses are accounted in other (income) and expense. The fair values of these reporting units were measured using mainly discounted cash flow methodologies and business enterprise value multiples methodologies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Other intangible assets at March 31, 2024 and 2025 consist of the following:

	Millions of yen	
	2024	2025
Indefinite-lived intangible assets:		
Trademarks and trade names	¥ 126,192	¥ 124,924
Asset management contracts	57,928	55,740
Others	3,156	11,657
	<u>187,276</u>	<u>192,321</u>
Intangible assets subject to amortization:		
Software	142,049	150,479
Customer relationships	184,475	186,862
Asset management contracts	117,043	119,157
Others	165,130	152,925
	<u>608,697</u>	<u>609,423</u>
Accumulated amortization	<u>(263,023)</u>	<u>(276,333)</u>
Net	<u>345,674</u>	<u>333,090</u>
	<u>¥ 532,950</u>	<u>¥ 525,411</u>

The aggregate amortization expenses for intangible assets are ¥34,212 million, ¥39,213 million and ¥41,402 million in fiscal 2023, 2024 and 2025, respectively.

The estimated amortization expenses for each of five succeeding fiscal years are ¥38,480 million in fiscal 2026, ¥35,214 million in fiscal 2027, ¥31,995 million in fiscal 2028, ¥27,850 million in fiscal 2029 and ¥24,573 million in fiscal 2030, respectively.

Intangible assets subject to amortization increased during fiscal 2025 are ¥79,869 million. They mainly consist of ¥12,672 million of software, ¥21,684 million of customer relationships and ¥45,445 million of maintenance intangible assets for acquired aircraft recognized in acquisitions included in others. The weighted average amortization periods for the software, customer relationships and maintenance intangible assets for acquired aircraft recognized in acquisitions are 5 years, 17 years and 6 years, respectively.

As a result of the impairment test, the Company and its subsidiaries recognized impairment losses of ¥1 million on intangible assets included in Corporate Financial Services and Maintenance Leasing segment, ¥405 million on intangible assets included in Aircraft and Ships segment, and ¥110 million on intangible assets included in ORIX USA segment during fiscal 2023, and these impairment losses were included in other (income) and expense in the consolidated statements of income. The Company and its subsidiaries recognized impairment losses of ¥24 million on intangible assets included in PE Investment and Concession segment, ¥87 million on intangible assets included in Environment and Energy segment, and ¥37 million on intangible assets included in Asia and Australia segment during fiscal 2024, and these impairment losses were included in selling, general and administrative expenses in the consolidated statements of income. The Company and its subsidiaries recognized impairment losses of ¥5,629 million on intangible assets included in PE Investment and Concession segment, ¥1,971 million on intangible assets included in ORIX Europe segment during fiscal 2025, and these impairment losses were included in other (income) and expenses in the consolidated statements of income, and recognized impairment losses of ¥148 million on intangible assets included in PE Investment and Concession segment, and ¥84 million on intangible assets included in Banking and Credit segment during fiscal 2025, and these

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

impairment losses were included in selling, general and administrative expenses in the consolidated statements of income. These impairment losses are recognized due to the reduction in the estimated future cash flow, which brought the fair values of the intangible assets below its carrying amount. The fair values of these intangible assets were measured using mainly excess multi-period earnings methodologies.

14. Short-Term and Long-Term Debt

Short-term debt consists of borrowings from financial institutions, commercial paper and others.

The composition of short-term debt and the weighted average contract interest rate on short-term debt at March 31, 2024 and 2025 are as follows:

March 31, 2024

	Millions of yen	Weighted average rate
Short-term debt in Japan, mainly from banks	¥139,450	0.7%
Short-term debt outside Japan, mainly from banks	297,372	5.0
Commercial paper in Japan	7,998	0.1
Commercial paper outside Japan	5,851	2.7
Secured borrowings on securities lending transactions	120,116	1.1
Unsecured bonds	1,122	4.7
Payables under securitized loan receivables and investment in securities	2,186	4.0
	<u>¥574,095</u>	3.1

March 31, 2025

	Millions of yen	Weighted average rate
Short-term debt in Japan, mainly from banks	¥181,835	0.7%
Short-term debt outside Japan, mainly from banks	279,631	5.5
Commercial paper outside Japan	7,588	2.9
Secured borrowings on securities lending transactions	80,626	2.3
	<u>¥549,680</u>	3.4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The composition of long-term debt, the weighted average contract interest rate on long-term debt and the repayment due dates at March 31, 2024 and 2025 are as follows:

March 31, 2024

	Due (Fiscal Year)	Millions of yen	Weighted average rate
Banks:			
Fixed rate	2025~2083	¥ 777,366	1.6%
Floating rate	2025~2077	2,587,324	3.4
Insurance companies and others:			
Fixed rate	2029~2083	352,035	0.6
Floating rate	2029~2077	271,029	2.4
Unsecured bonds	2026~2081	1,208,672	2.0
Unsecured notes under medium-term note program	2028~2030	272,064	3.8
Payables under securitized loan receivables and investment in securities	2025~2044	157,886	6.0
		<u>¥5,626,376</u>	2.7

March 31, 2025

	Due (Fiscal Year)	Millions of yen	Weighted average rate
Banks:			
Fixed rate	2026~2083	¥ 799,933	1.7%
Floating rate	2026~2077	2,614,936	3.3
Insurance companies and others:			
Fixed rate	2026~2083	353,890	0.9
Floating rate	2026~2077	262,346	2.2
Unsecured bonds	2026~2081	1,251,120	2.1
Unsecured notes under medium-term note program	2026~2032	387,316	3.8
Payables under securitized lease receivables	2026~2026	13,565	0.1
Payables under securitized loan receivables and investment in securities	2026~2044	50,012	5.0
		<u>¥5,733,118</u>	2.7

The repayment schedule for the next five years and thereafter for long-term debt at March 31, 2025 is as follows:

Years ending March 31,	Millions of yen
2026	¥ 867,767
2027	875,060
2028	783,087
2029	803,266
2030	779,766
Thereafter	<u>1,624,172</u>
Total	<u>¥5,733,118</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Borrowings with fixed rate from banks, insurance companies and others include the amount of ¥44,000 million of subordinated syndicated loan (hybrid loan). Out of this amount, ¥10,000 million was executed in fiscal 2022, and will mature in fiscal 2082 and may be redeemed after 5 years from the execution. ¥34,000 million was executed in fiscal 2023, and will mature in fiscal 2083 and may be redeemed after 5 years from the execution.

Unsecured bonds include the amount of ¥150,000 million of unsecured subordinated bonds with interest payment deferrable clauses and optional early redemption conditions (hybrid bonds). Out of this amount, ¥40,000 million was executed in fiscal 2020, and will mature in fiscal 2080, with optional early redemption possible on or after March 2030. ¥50,000 million was executed in fiscal 2021, and will mature in fiscal 2081, with optional early redemption of ¥29,000 million possible on or after March 2026, and ¥21,000 million possible on or after March 2031. Additionally, ¥60,000 million was executed in the current consolidated fiscal year, and will mature in fiscal 2060, with optional early redemption possible on or after March 2030.

For borrowings from banks, insurance companies and other financial institutions, for bonds, and for medium-term notes, principal repayments are usually made upon maturity of the loan contracts and interest payments are usually paid semi-annually.

During fiscal 2023, 2024 and 2025, the Company and certain subsidiaries recognized net amortization expenses of premiums and discounts of bonds and medium-term notes, and deferred issuance costs of bonds and medium-term notes in the amount of ¥1,093 million, ¥1,247 million and ¥1,455 million, respectively.

Total committed credit lines for the Company and its subsidiaries were ¥758,667 million and ¥795,634 million at March 31, 2024 and 2025, respectively, and, of these lines, ¥559,322 million and ¥598,079 million were available at March 31, 2024 and 2025, respectively. Of the available committed credit lines, ¥495,474 million and ¥502,177 million were long-term committed credit lines at March 31, 2024 and 2025, respectively.

The agreements related to debt payable to banks provide that the banks under certain circumstances may request additional security for loans and have the right to offset cash deposited against any short-term or long-term debt that becomes due and, in case of default and certain other specified events, against all other debt payable to the banks.

Other than the assets of the consolidated VIEs pledged as collateral for financing (see Note 11 “Variable Interest Entities”), the Company and certain subsidiaries provide the following assets as collateral for the short-term and long-term debt payables to financial institutions as of March 31, 2025:

	<u>Millions of yen</u>
Lease payments, loans and investment in operating leases	¥ 301,092
Investment in securities	299,588
Property under facility operations	303,491
Other assets and other	115,982
	<u>¥1,020,153</u>

As of March 31, 2025, debt liabilities were secured by shares of subsidiaries of ¥154,926 million, which were eliminated through consolidation adjustment, and debt liabilities of equity method investees were secured by equity method investments of ¥89,021 million. As of March 31, 2025, debt liabilities were secured by loans to subsidiaries, which were eliminated through consolidation adjustment, of ¥14,708 million. In addition, ¥180,248 million was pledged primarily by investment in securities for collateral deposits and deposits for real estate transaction as of March 31, 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Under loan agreements relating to short-term and long-term debt from commercial banks and certain insurance companies, the Company and certain subsidiaries are required to provide collateral against these debts at any time if requested by the lenders. The Company and the subsidiaries did not receive any such requests from the lenders as of March 31, 2025.

15. Deposits

Deposits at March 31, 2024 and 2025 consist of the following:

	<u>Millions of yen</u>	
	<u>2024</u>	<u>2025</u>
Time deposits	¥1,875,058	¥2,073,007
Other deposits	<u>370,777</u>	<u>376,805</u>
Total	<u>¥2,245,835</u>	<u>¥2,449,812</u>

The balances of time deposits and certificates of deposit issued in amounts of ¥10 million or more were ¥898,321 million and ¥1,082,224 million at March 31, 2024 and 2025, respectively.

The maturity schedule of time deposits at March 31, 2025 is as follows:

<u>Years ending March 31,</u>	<u>Millions of yen</u>
2026	¥1,457,585
2027	171,947
2028	107,639
2029	41,963
2030	217,569
Thereafter	<u>76,304</u>
Total	<u>¥2,073,007</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

16. Income Taxes

Income before income taxes and the provision for income taxes in fiscal 2023, 2024 and 2025 are as follows:

	Millions of yen		
	2023	2024	2025
Income before income taxes:			
Japan	¥201,168	¥298,321	¥307,830
Overseas	191,010	171,654	172,633
	<u>¥392,178</u>	<u>¥469,975</u>	<u>¥480,463</u>
Provision for income taxes:			
Current—			
Japan	¥ 30,808	¥ 80,274	¥ 72,230
Overseas	27,490	31,114	33,252
	<u>58,298</u>	<u>111,388</u>	<u>105,482</u>
Deferred—			
Japan	22,047	9,049	26,803
Overseas	14,900	10,951	(3,457)
	<u>36,947</u>	<u>20,000</u>	<u>23,346</u>
Provision for income taxes	<u>¥ 95,245</u>	<u>¥131,388</u>	<u>¥128,828</u>

In fiscal 2023, 2024 and 2025, the Company and its subsidiaries in Japan were subject to a national corporation tax of approximately 24%, a local inhabitant tax of approximately 4% and a deductible local enterprise tax of approximately 4%, which in the aggregate result in a statutory income tax rate of approximately 31.5%.

Reconciliations of the differences between the tax provision computed at the statutory income tax rate of 31.5%, the aggregate statutory income tax rate of the Company's tax domicile, and the consolidated provision for income taxes in fiscal 2023, 2024 and 2025 are as follows:

	Millions of yen		
	2023	2024	2025
Income before income taxes	¥392,178	¥469,975	¥480,463
Tax provision computed at the statutory rate	¥123,536	¥148,042	¥151,346
Increases (reductions) in taxes due to:			
Change in valuation allowance	2,533	5,441	1,973
Nondeductible expenses	4,794	4,762	5,813
Nontaxable income	(3,347)	(3,574)	(5,893)
Effect of lower tax rates on certain subsidiaries	(19,764)	(17,627)	(22,271)
Effect of investor taxes on earnings of subsidiaries	4,789	7,674	3,494
Effect of the tax law and rate changes	180	(1,295)	2,218
Effect of sale or liquidation of subsidiaries	(16,754)	(14,995)	(8,423)
Other, net	(722)	2,960	571
Provision for income taxes	<u>¥ 95,245</u>	<u>¥131,388</u>	<u>¥128,828</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The effective income tax rate is different from the statutory income tax rate primarily because of certain nondeductible expenses, nontaxable income, changes in valuation allowance, the effect of lower tax rates on certain subsidiaries, effect of investor taxes on earnings of subsidiaries and effect of sale or liquidation of subsidiaries.

Due to the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No.13 of 2025) in the Japanese Diet on March 31, 2025, the “Special Corporation Tax for National Defense” will be imposed from the fiscal years beginning on or after April 1, 2026. As a result, the statutory income tax rate used to calculate deferred tax assets and liabilities has been changed from approximately 31.0% to approximately 31.9% for temporary differences expected to be resolved from the fiscal year beginning on April 1, 2026. The increase and decrease of the deferred tax assets and liabilities due to the change in the tax rates resulted in an increase of provision for income taxes by ¥6,124 million in the consolidated statements of income.

Total income tax expense recognized in fiscal 2023, 2024 and 2025 was allocated as follows:

	Millions of yen		
	2023	2024	2025
Provision for income taxes	¥ 95,245	¥131,388	¥128,828
Income tax expense (benefit) allocated to other comprehensive income (loss):			
Net change of unrealized gains (losses) on investment in securities	(41,961)	(27,157)	(60,260)
Net change of impact of changes in policy liability discount rate	43,576	32,471	54,382
Net change of debt valuation adjustments	20	(74)	(13)
Net change of defined benefit pension plans	1,630	5,554	2,063
Net change of foreign currency translation adjustments	(17,325)	(30,992)	2,484
Net change of unrealized gains (losses) on derivative instruments	3,514	(1,523)	(441)
Other direct adjustments to shareholders’ equity	36	32	22
Total income tax expense	<u>¥ 84,735</u>	<u>¥109,699</u>	<u>¥127,065</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The tax effects of temporary differences and carryforwards giving rise to the deferred tax assets and liabilities as of March 31, 2024 and 2025 are as follows:

	Millions of yen	
	2024	2025
Assets:		
Net operating loss carryforwards	¥ 62,493	¥ 48,953
Allowance for credit losses	8,650	14,842
Investment in securities	14,382	4,581
Accrued expenses	26,401	26,516
Investment in operating leases	12,728	11,576
Property under facility operations	24,996	28,007
Installment loans	5,459	8,075
Unrealized losses on investment in securities	98,025	158,375
Lease liabilities	69,697	74,215
Other*	156,516	159,391
	479,347	534,531
Less: valuation allowance	(39,046)	(35,845)
	440,301	498,686
Liabilities:		
Net investment in leases	10,867	12,755
Investment in operating leases	175,727	171,455
Unrealized gains on investment in securities	9,139	9,259
Deferred insurance policy acquisition costs	85,830	90,934
Policy liabilities and policy account balances	194,713	263,515
Property under facility operations	22,615	33,075
Other intangible assets	152,125	143,701
Undistributed earnings	95,720	103,808
Prepaid benefit cost	23,473	27,224
Advances paid	8,102	8,387
Right-of-use assets	68,715	72,034
Other	31,946	24,834
	878,972	960,981
Net deferred tax liability	¥438,671	¥462,295

* As of March 31, 2024 and 2025, other deferred tax assets includes amounts related to net investment hedges of ¥95,551 million and ¥96,778 million.

Net deferred tax assets and liabilities at March 31, 2024 and 2025 are reflected in the accompanying consolidated balance sheets under the following captions:

	Millions of yen	
	2024	2025
Other assets	¥ 66,519	¥ 63,337
Income taxes: Deferred	505,190	525,632
Net deferred tax liability	¥438,671	¥462,295

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The valuation allowance is primarily recognized for deferred tax assets of consolidated subsidiaries with operating loss carryforwards. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and operating loss carryforwards are utilizable. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax-planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company and its subsidiaries will realize the benefits of these deductible temporary differences and operating loss carryforwards, net of the existing valuation allowances at March 31, 2025. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. The net changes in the total valuation allowance were increases of ¥2,132 million in fiscal 2023, increases of ¥1,759 million in fiscal 2024, and decreases of ¥3,201 million in fiscal 2025. The decrease in the total valuation allowance recognized in earnings due to the utilization of net operating loss carryforwards were ¥1,465 million in fiscal 2023, ¥3,660 million in fiscal 2024 and ¥3,380 million in fiscal 2025. The adjustments to the beginning-of-the-year amount in the total valuation allowance resulting from changes in judgment about the realizability of deferred tax assets in future years were net increases of ¥628 million in fiscal 2023 (increases of ¥2,120 million and decreases of ¥1,492 million on a gross basis), net increases of ¥513 million in fiscal 2024 (increases of ¥4,125 million and decreases of ¥3,612 million on a gross basis), and net decreases of ¥1,986 million in fiscal 2025 (increases of ¥1,143 million and decreases of ¥3,129 million on a gross basis), respectively.

The Company and certain subsidiaries have net operating loss carryforwards of ¥369,010 million at March 31, 2025, which expire as follows:

<u>Years ending March 31,</u>	<u>Millions of yen</u>
2026	¥ 8,129
2027	9,828
2028	4,246
2029	24,606
2030	53,538
Thereafter	214,227
Indefinite period	54,436
Total	<u>¥369,010</u>

The unrecognized tax benefits as of March 31, 2024 and 2025 were not material. The Company and its subsidiaries do not believe that it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of March 31, 2025.

The total amounts of penalties and interest expense related to income taxes recognized in the consolidated balance sheets as of March 31, 2024 and 2025, and in the consolidated statements of income for fiscal 2023, 2024 and 2025 were not material.

The Company and its subsidiaries file tax returns in Japan and certain foreign tax jurisdictions. The Company is no longer subject to ordinary tax examination in Japan for the tax years prior to fiscal 2023, and its major domestic subsidiaries are no longer subject to ordinary tax examination for the tax years prior to fiscal 2018, respectively.

Subsidiaries in the United States remain subject to a tax examination for the tax years after fiscal 2020. Subsidiaries in the Netherlands remain subject to a tax examination for the tax years after fiscal 2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

17. Pension Plans

The Company and certain subsidiaries have contributory and non-contributory pension plans covering substantially all of their employees. Those contributory funded pension plans include defined benefit pension plans and defined contribution pension plans. Under the plans, employees are entitled to lump-sum payments at the time of termination of their employment or pension payments. Defined benefit pension plans consist of a plan of which the amounts of such payments are determined on the basis of length of service and remuneration at the time of termination and a cash balance plan.

The Company and certain subsidiaries' funding policy is to contribute annually the amounts actuarially determined. Assets of the plans are invested primarily in debt securities and marketable equity securities.

The funded status of the defined benefit pension plans, which consists of Japanese plans and overseas plans, as of March 31, 2024 and 2025 are as follows:

	Millions of yen			
	Japanese plans		Overseas plans	
	2024	2025	2024	2025
Change in benefit obligation:				
Benefit obligation at beginning of year	¥109,759	¥105,109	¥108,416	¥129,934
Service cost	5,542	5,078	2,999	3,268
Interest cost	1,216	1,421	3,395	4,091
Actuarial loss (income)	(3,586)	(7,621)	3,448	(11,712)
Plan participant's contributions	0	0	233	233
Benefits paid	(5,014)	(5,032)	(2,499)	(2,375)
Business combinations	0	86	0	0
Divestitures	(2,808)	(1,937)	0	0
Plan amendments	0	0	360	179
Settlements	0	(3,300)	0	0
Foreign currency exchange rate change	0	0	13,582	(874)
Benefit obligation at end of year	<u>105,109</u>	<u>93,804</u>	<u>129,934</u>	<u>122,744</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	136,803	143,101	122,204	153,803
Actual return on plan assets	12,103	449	15,799	(1,435)
Employer contribution	4,195	3,855	2,262	2,446
Plan participant's contributions	0	0	233	233
Benefits paid	(4,392)	(4,404)	(2,314)	(2,182)
Divestitures	(5,608)	(3,272)	0	0
Settlements	0	(2,017)	0	0
Foreign currency exchange rate change	0	0	15,619	(1,046)
Fair value of plan assets at end of year	<u>143,101</u>	<u>137,712</u>	<u>153,803</u>	<u>151,819</u>
The funded status of the plans	<u>¥ 37,992</u>	<u>¥ 43,908</u>	<u>¥ 23,869</u>	<u>¥ 29,075</u>
Amount recognized in the consolidated balance sheets consists of:				
Prepaid benefit cost included in other assets	¥ 53,641	¥ 59,111	¥ 25,723	¥ 30,809
Accrued benefit liability included in other liabilities	<u>(15,649)</u>	<u>(15,203)</u>	<u>(1,854)</u>	<u>(1,734)</u>
Net amount recognized	<u>¥ 37,992</u>	<u>¥ 43,908</u>	<u>¥ 23,869</u>	<u>¥ 29,075</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Amount recognized in accumulated other comprehensive income (loss), pre-tax, at March 31, 2024 and 2025 consisted of:

	Millions of yen			
	Japanese plans		Overseas plans	
	2024	2025	2024	2025
Net prior service credit	¥ 1,016	¥ 666	¥ (28)	¥ (502)
Net actuarial gain (loss)	866	5,750	9,735	12,865
Net transition obligation	0	0	7	8
Total recognized in accumulated other comprehensive loss, pre-tax	¥ 1,882	¥ 6,416	¥ 9,714	¥12,371

The accumulated benefit obligations for all Japanese defined benefit pension plans were ¥95,069 million and ¥85,077 million, respectively, at March 31, 2024 and 2025. The accumulated benefit obligations for all overseas defined benefit pension plans were ¥123,600 million and ¥117,478 million, respectively, at March 31, 2024 and 2025.

The accumulated benefit obligations and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets at March 31, 2024 and 2025 are as follows:

	Millions of yen			
	Japanese plans		Overseas plans	
	2024	2025	2024	2025
Accumulated benefit obligations	¥ 17,886	¥ 14,525	¥ 7,952	¥ 2,075
Fair value of plan assets	2,854	0	6,151	389

The projected benefit obligations and fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets at March 31, 2024 and 2025 are as follows:

	Millions of yen			
	Japanese plans		Overseas plans	
	2024	2025	2024	2025
Projected benefit obligations	¥ 18,503	¥ 15,203	¥ 8,004	¥ 3,844
Fair value of plan assets	2,854	0	6,151	2,110

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Net pension cost of the plans for fiscal 2023, 2024 and 2025 consists of the following:

	Millions of yen		
	2023	2024	2025
Japanese plans:			
Service cost	¥ 5,704	¥ 5,542	¥ 5,078
Interest cost	731	1,216	1,421
Expected return on plan assets	(2,739)	(2,702)	(2,766)
Amortization of prior service credit	(47)	(84)	(72)
Amortization of net actuarial loss	79	59	(93)
Plan amendments	(44)	0	0
Settlements	0	0	(1,347)
Net periodic pension cost	<u>¥ 3,684</u>	<u>¥ 4,031</u>	<u>¥ 2,221</u>
Overseas plans:			
Service cost	¥ 3,432	¥ 2,999	¥ 3,268
Interest cost	2,309	3,395	4,091
Expected return on plan assets	(4,982)	(6,362)	(6,996)
Amortization of prior service credit	(329)	(354)	(322)
Amortization of net actuarial loss	9	11	9
Amortization of transition obligation	1	1	1
Net periodic pension cost	<u>¥ 440</u>	<u>¥ (310)</u>	<u>¥ 51</u>

Note: Net periodic pension cost is charged in personnel expenses, which is included in selling, general and administrative expenses in the consolidated statements of income.

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for fiscal 2023, 2024 and 2025 are summarized as follows:

	Millions of yen		
	2023	2024	2025
Japanese plans:			
Current year actuarial gain (loss)	¥ 650	¥ 12,990	¥ 5,125
Amortization of net actuarial loss	79	59	(93)
Prior service credit due to amendments	881	0	(278)
Amortization of prior service credit	(47)	(84)	(72)
Settlements	0	0	(148)
Total recognized in other comprehensive income, pre-tax	<u>¥ 1,563</u>	<u>¥ 12,965</u>	<u>¥ 4,534</u>
Overseas plans:			
Current year actuarial gain (loss)	¥ 4,810	¥ 5,728	¥ 3,226
Amortization of net actuarial loss	9	11	9
Prior service credit due to amendments	(36)	(145)	(179)
Amortization of prior service credit	(329)	(354)	(322)
Amortization of transition obligation	1	1	1
Foreign currency exchange rate change	60	641	(78)
Total recognized in other comprehensive income (loss), pre-tax	<u>¥ 4,515</u>	<u>¥ 5,882</u>	<u>¥ 2,657</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Significant assumptions of Japanese pension plans and overseas pension plans used to determine these amounts are as follows:

<u>Japanese plans</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Weighted-average assumptions used to determine benefit obligations at March 31:			
Discount rate	1.1%	1.4%	2.1%
Rate of increase in compensation levels	4.3%	4.3%	3.4%
Interest crediting rate for cash balance plans	1.5%	1.5%	1.5%
Weighted-average assumptions used to determine net periodic pension cost for years ended March 31:			
Discount rate	0.6%	1.1%	1.4%
Rate of increase in compensation levels	4.0%	4.3%	4.3%
Expected long-term rate of return on plan assets	2.0%	2.0%	2.0%
Interest crediting rate for cash balance plans	1.5%	1.5%	1.5%
<u>Overseas plans</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Weighted-average assumptions used to determine benefit obligations at March 31:			
Discount rate	3.3%	3.3%	3.8%
Rate of increase in compensation levels	2.3%	2.3%	2.3%
Interest crediting rate for cash balance plans	—	—	—
Weighted-average assumptions used to determine net periodic pension cost for years ended March 31:			
Discount rate	1.7%	3.3%	3.3%
Rate of increase in compensation levels	2.2%	2.3%	2.3%
Expected long-term rate of return on plan assets	4.9%	4.6%	4.7%
Interest crediting rate for cash balance plans	—	—	—

The Company and certain subsidiaries determine the expected long-term rate of return on plan assets annually based on the composition of the pension asset portfolios and the expected long-term rate of return on these portfolios. The expected long-term rate of return is designed to approximate the long-term rate of return actually earned on the plans' assets over time to ensure that funds are available to meet the pension obligations that result from the services provided by employees. The Company and certain subsidiaries use a number of factors to determine the expected rate of return, including actual historical returns on the asset classes of the plans' portfolios and independent projections of returns of the various asset classes.

The Company and certain subsidiaries' investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. The Company and certain subsidiaries formulate a policy portfolio appropriate to produce the expected long-term rate of return on plan assets and to ensure that plan assets are allocated under this policy portfolio. The Company and certain subsidiaries periodically have an external consulting firm monitor the results of actual return and revise the policy portfolio if necessary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The fair value of Japanese pension plan assets at March 31, 2024 and 2025, by asset category, are as follows. The three levels of input used to measure fair value are described in Note 2 “Fair Value Measurements.”

Millions of yen				
March 31, 2024				
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:				
Japan				
Pooled funds*1	¥ 17,445	¥ 0	¥ 0	¥ 0
Other than Japan				
Pooled funds*2	25,645	0	0	0
Debt securities:				
Japan				
Pooled funds*3	26,799	0	0	0
Other than Japan				
Pooled funds*4	37,243	0	0	0
Other assets:				
Life insurance company general accounts*5	31,655	0	31,655	0
Others*6	4,314	0	4,314	0
	<u>¥143,101</u>	<u>¥ 0</u>	<u>¥ 35,969</u>	<u>¥ 0</u>

*1 These funds invest in listed shares including shares of ORIX Corporation in the amounts of ¥32 million at March 31, 2024.

*2 These funds invest in listed shares.

*3 These funds invest approximately 70% in Japanese government bonds, and approximately 30% in Japanese corporate bonds. These funds include corporate bonds of ORIX Corporation in the amounts of ¥24 million at March 31, 2024.

*4 These funds invest approximately 90% in foreign government bonds and approximately 10% in foreign corporate bonds.

*5 Life insurance company general accounts are accounts with guaranteed capital and minimum interest rate, in which life insurance companies manage funds on several contracts.

*6 Others include derivative instruments held for hedging change in the fair value of equity securities, and short-term instruments.

At March 31, 2024, our policy for the portfolio of plans consists of three major components: approximately 30% is invested in equity securities, approximately 40% is invested in debt securities and approximately 30% is invested in other assets, primarily consisting of investments in life insurance company general accounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Level 2 assets are comprised principally of investments in life insurance company general accounts. Investments in life insurance company general accounts are valued at conversion value. Pooled funds are valued at the net asset value per share at the measurement date and they have not been classified in the fair value hierarchy.

		Millions of yen			
		March 31, 2025			
		Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:					
Japan					
Pooled funds*1		¥ 15,268	¥ 0	¥ 0	¥ 0
Other than Japan					
Pooled funds*2		19,447	0	0	0
Debt securities:					
Japan					
Pooled funds*3		28,787	0	0	0
Other than Japan					
Pooled funds*4		32,738	0	0	0
Other assets:					
Life insurance company general accounts*5		29,136	0	29,136	0
Others*6		12,336	0	12,336	0
		<u>¥137,712</u>	<u>¥ 0</u>	<u>¥ 41,472</u>	<u>¥ 0</u>

*1 These funds invest in listed shares including shares of ORIX Corporation in the amounts of ¥30 million at March 31, 2025.

*2 These funds invest in listed shares.

*3 These funds invest approximately 70% in Japanese government bonds, and approximately 30% in Japanese corporate bonds. These funds include corporate bonds of ORIX Corporation in the amounts of ¥7 million at March 31, 2025.

*4 These funds invest approximately 100% in foreign government bonds.

*5 Life insurance company general accounts are accounts with guaranteed capital and minimum interest rate, in which life insurance companies manage funds on several contracts.

*6 Others include derivative instruments held for hedging change in the fair value of equity securities, and short-term instruments.

At March 31, 2025, our policy for the portfolio of plans consists of three major components: approximately 30% is invested in equity securities, approximately 40% is invested in debt securities and approximately 30% is invested in other assets, primarily consisting of investments in life insurance company general accounts.

Level 2 assets are comprised principally of investments in life insurance company general accounts. Investments in life insurance company general accounts are valued at conversion value. Pooled funds are valued at the net asset value per share at the measurement date and they have not been classified in the fair value hierarchy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The fair value of overseas pension plan assets at March 31, 2024 and 2025, by asset category, are as follows. The three levels of input used to measure fair value are described in Note 2 “Fair Value Measurements.”

Millions of yen				
March 31, 2024				
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:				
Other than Japan				
Shares	¥ 61,210	¥ 61,210	¥ 0	¥ 0
Pooled funds*1	1,100	0	0	0
Debt securities:				
Other than Japan				
Government bonds	79,773	79,773	0	0
Municipal bonds	4,506	0	4,506	0
Other assets:				
Life insurance company general accounts*2	471	0	471	0
Others*3	6,743	0	6,743	0
	<u>¥153,803</u>	<u>¥140,983</u>	<u>¥ 11,720</u>	<u>¥ 0</u>

*1 These funds invest in listed shares.

*2 Life insurance company general accounts are accounts with guaranteed capital and minimum interest rate, in which life insurance companies manage funds on several contracts.

*3 Others include derivative instruments held for hedging change in the fair value of equity securities, and short-term instruments.

At March 31, 2024, our policy for the portfolio of plans consists of three major components: approximately 40% is invested in equity securities, approximately 50% is invested in debt securities and approximately 10% is invested in other assets, primarily consisting of investments in life insurance company general accounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Each level into which assets are categorized is based on inputs used to measure the fair value of the assets. Level 1 assets are comprised principally of equity securities and debt securities, which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 assets are comprised principally of debt securities and investments in life insurance company general accounts. Investments in life insurance company general accounts are valued at conversion value. Pooled funds are valued at the net asset value per share at the measurement date and they have not been classified in the fair value hierarchy.

Millions of yen				
March 31, 2025				
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:				
Other than Japan				
Shares	¥ 54,119	¥ 54,119	¥ 0	¥ 0
Pooled funds*1	722	0	0	0
Debt securities:				
Other than Japan				
Government bonds	85,685	85,685	0	0
Municipal bonds	4,094	0	4,094	0
Other assets:				
Life insurance company general accounts*2	455	0	455	0
Others*3	6,744	0	6,744	0
	<u>¥151,819</u>	<u>¥139,804</u>	<u>¥11,293</u>	<u>¥ 0</u>

*1 These funds invest in listed shares.

*2 Life insurance company general accounts are accounts with guaranteed capital and minimum interest rate, in which life insurance companies manage funds on several contracts.

*3 Others include derivative instruments held for hedging change in the fair value of equity securities, and short-term instruments.

At March 31, 2025, our policy for the portfolio of plans consists of two major components: approximately 40% is invested in equity securities and approximately 60% is invested in debt securities.

Each level into which assets are categorized is based on inputs used to measure the fair value of the assets. Level 1 assets are comprised principally of equity securities and debt securities, which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 assets are comprised principally of debt securities and investments in life insurance company general accounts. Investments in life insurance company general accounts are valued at conversion value. Pooled funds are valued at the net asset value per share at the measurement date and they have not been classified in the fair value hierarchy.

The Company and certain subsidiaries expect to contribute ¥3,843 million to its Japanese pension plans and ¥2,305 million to its overseas pension plans during the year ending March 31, 2026.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

At March 31, 2025, the benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five years thereafter are as follows:

Years ending March 31,	Millions of yen	
	Japanese plans	Overseas plans
2026	¥ 5,919	¥ 3,106
2027	5,150	3,208
2028	5,145	3,236
2029	5,852	3,260
2030	5,847	3,441
2031-2035	31,513	20,193
Total	<u>¥59,426</u>	<u>¥36,444</u>

The cost recognized for Japanese defined contribution pension plans of the Company and certain of its subsidiaries for fiscal 2023, 2024 and 2025 were ¥2,100 million, ¥2,146 million and ¥2,118 million, respectively. The cost recognized for overseas defined contribution pension plans of the Company and certain of its subsidiaries for fiscal 2023, 2024 and 2025 were ¥3,498 million, ¥4,219 million and ¥5,046 million, respectively.

18. Redeemable Noncontrolling Interests

Changes in redeemable noncontrolling interests in fiscal 2023, 2024 and 2025 are as follows:

	Millions of yen		
	2023	2024	2025
Beginning Balance	¥ 0	¥ 945	¥ 2,645
Transaction with noncontrolling interests	959	2,122	1,963
Adjustment of redeemable noncontrolling interests to redemption value	3	0	0
Comprehensive income (loss)			
Net Income	32	137	394
Other comprehensive income (loss)			
Net change of unrealized gains (losses) on investment in securities	(24)	10	0
Net change of foreign currency translation adjustments	(25)	203	(50)
Total other comprehensive income (loss)	(49)	213	(50)
Comprehensive income (loss)	(17)	350	344
Dividends	0	(772)	(1,520)
Ending Balance	<u>¥ 945</u>	<u>¥ 2,645</u>	<u>¥ 3,432</u>

19. Stock-Based Compensation

The Company maintains a stock compensation program for directors and executive officers of the Company and others. The Compensation Committee resolved in July 2014 and the Company's shares are provided to retiree by way of provision of the compensation through the Board Incentive Plan Trust. The Board Incentive Plan Trust purchases the Company's common shares including future granting shares by an entrusted fund which the Company set in advance. The Company holds those shares as entrusted assets, separately from other treasury stock which the Company holds.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Under the program, points are granted annually to directors and executive officers of the Company and others based upon the prescribed standards of the Company. Upon retirement, eligible directors, executive officers and others receive a certain number of the Company's common shares calculated by translating each point earned by that retiree to one common share.

In fiscal 2025, the Company granted 599,916 points, and 303,586 points were settled for individuals who retired during fiscal 2025. Total points outstanding under the stock compensation program as of March 31, 2025 were 3,028,648 points. The points were adjusted for the 10-for-1 stock split implemented on April 1, 2013.

During fiscal 2023, 2024 and 2025, the Company recognized stock-based compensation costs of its stock compensation program in the amount of ¥937 million, ¥2,177 million and ¥1,778 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

20. Accumulated Other Comprehensive Income (Loss)

Changes in each component of accumulated other comprehensive income (loss) attributable to ORIX Corporation Shareholders in fiscal 2023, 2024 and 2025 are as follows:

	Millions of yen						
	Net unrealized gains (losses) on investment in securities	Impact of changes in policy liability discount rate	Debt valuation adjustments	Defined benefit pension plans	Foreign currency translation adjustments	Net unrealized gains (losses) on derivative instruments	Accumulated other comprehensive income (loss)
Balance at March 31, 2022	¥ (72,892)	¥ 37,536	¥ 221	¥ (8,072)	¥ 61,914	¥ 2,788	¥ 21,495
Net unrealized gains (losses) on investment in securities, net of tax of ¥41,871 million	(109,745)						(109,745)
Reclassification adjustment included in net income, net of tax of ¥90 million	(421)						(421)
Impact of changes in policy liability discount rate, net of tax of ¥(43,576) million		126,980					126,980
Debt valuation adjustments, net of tax of ¥(25) million			67				67
Reclassification adjustment included in net income, net of tax of ¥5 million			(13)				(13)
Defined benefit pension plans, net of tax of ¥(1,706) million				4,659			4,659
Reclassification adjustment included in net income, net of tax of ¥76 million				(211)			(211)
Foreign currency translation adjustments, net of tax of ¥19,131 million					90,616		90,616
Reclassification adjustment included in net income, net of tax of ¥(1,806) million					4,091		4,091
Net unrealized gains (losses) on derivative instruments, net of tax of ¥(3,106) million						18,232	18,232
Reclassification adjustment included in net income, net of tax of ¥(408) million						1,438	1,438
Total other comprehensive income (loss)	(110,166)	126,980	54	4,448	94,707	19,670	135,693
Transaction with noncontrolling interests	0	0	0	0	2,903	1,493	4,396
Less: Other Comprehensive Income (loss) Attributable to the Noncontrolling Interests	0	0	0	(7)	3,637	1,868	5,498
Less: Other Comprehensive Income Attributable to the Redeemable Noncontrolling Interests	(24)	0	0	0	(25)	0	(49)
Balance at March 31, 2023	¥(183,034)	¥164,516	¥ 275	¥ (3,617)	¥155,912	¥22,083	¥ 156,135
Net unrealized gains (losses) on investment in securities, net of tax of ¥27,906 million	(69,102)						(69,102)
Reclassification adjustment included in net income, net of tax of ¥(749) million	1,340						1,340
Impact of changes in policy liability discount rate, net of tax of ¥(32,471) million		93,269					93,269
Debt valuation adjustments, net of tax of ¥69 million			(177)				(177)
Reclassification adjustment included in net income, net of tax of ¥5 million			(14)				(14)
Defined benefit pension plans, net of tax of ¥(5,655) million				13,559			13,559
Reclassification adjustment included in net income, net of tax of ¥101 million				(266)			(266)
Foreign currency translation adjustments, net of tax of ¥35,593 million					163,062		163,062
Reclassification adjustment included in net income, net of tax of ¥(4,601) million					10,242		10,242
Net unrealized gains (losses) on derivative instruments, net of tax of ¥578 million						(2,928)	(2,928)
Reclassification adjustment included in net income, net of tax of ¥945 million						(2,947)	(2,947)
Total other comprehensive income (loss)	(67,762)	93,269	(191)	13,293	173,304	(5,875)	206,038
Transaction with noncontrolling interests	0	0	0	0	11	(176)	(165)
Less: Other Comprehensive Income (loss) Attributable to the Noncontrolling Interests	0	0	0	6	4,816	(175)	4,647
Less: Other Comprehensive Income Attributable to the Redeemable Noncontrolling Interests	10	0	0	0	203	0	213
Balance at March 31, 2024*	¥(250,806)	¥257,785	¥ 84	¥ 9,670	¥324,208	¥16,207	¥ 357,148

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

* As of March 31, 2024, net unrealized gains (losses) on investment in securities contained ¥(82) million (net of tax of ¥16 million) of net unrealized gains (losses) in investment in securities related to available-for-sale debt securities with allowance for credit losses.

	Millions of yen						
	Net unrealized gains (losses) on investment in securities	Impact of changes in policy liability discount rate	Debt valuation adjustments	Defined benefit pension plans	Foreign currency translation adjustments	Net unrealized gains (losses) on derivative instruments	Accumulated other comprehensive income (loss)
Balance at March 31, 2024	¥(250,806)	¥257,785	¥ 84	¥ 9,670	¥324,208	¥ 16,207	¥ 357,148
Net unrealized gains (losses) on investment in securities, net of tax of ¥60,607 million	(152,264)						(152,264)
Reclassification adjustment included in net income, net of tax of ¥(347) million	(844)						(844)
Impact of changes in policy liability discount rate, net of tax of ¥(54,382) million		158,339					158,339
Debt valuation adjustments, net of tax of ¥12 million			(32)				(32)
Reclassification adjustment included in net income, net of tax of ¥1 million			(3)				(3)
Defined benefit pension plans, net of tax of ¥(2,244) million				5,572			5,572
Reclassification adjustment included in net income, net of tax of ¥181 million				(444)			(444)
Foreign currency translation adjustments, net of tax of ¥5,479 million					(37,786)		(37,786)
Reclassification adjustment included in net income, net of tax of ¥(7,963) million					17,726		17,726
Net unrealized gains (losses) on derivative instruments, net of tax of ¥3,076 million						(15,269)	(15,269)
Reclassification adjustment included in net income, net of tax of ¥(2,635) million						8,866	8,866
Total other comprehensive income (loss)	(153,108)	158,339	(35)	5,128	(20,060)	(6,403)	(16,139)
Transaction with noncontrolling interests	0	0	0	0	136	0	136
Less: Other Comprehensive Income (Loss) Attributable to the Noncontrolling Interests	0	0	0	7	(323)	213	(103)
Less: Other Comprehensive Loss Attributable to the Redeemable Noncontrolling Interests	0	0	0	0	(50)	0	(50)
Balance at March 31, 2025*	¥(403,914)	¥416,124	¥ 49	¥14,791	¥304,657	¥ 9,591	¥ 341,298

* As of March 31, 2025, net unrealized gains (losses) on investment in securities contained ¥(61) million (net of tax of ¥16 million) of net unrealized gains (losses) in investment in securities related to available-for-sale debt securities with allowance for credit losses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Amounts reclassified to net income from accumulated other comprehensive income (loss) for fiscal 2023, 2024 and 2025 are as follows:

Details about accumulated other comprehensive income components	Fiscal Year ended March 31, 2023	
	Reclassification adjustment included in net income	Consolidated statements of income caption
	Millions of yen	
Net unrealized gains (losses) on investment in securities		
Sales of debt securities	¥ 155	Gains on investment securities and dividends
Sales of debt securities	(765)	Life insurance premiums and related investment income
Amortization of debt securities	509	Finance revenues
Amortization of debt securities	1,148	Life insurance premiums and related investment income
Others	(536)	Write-downs of securities
	511	Total before income tax
	(90)	Income tax (expense) or benefit
	¥ 421	Net of tax
Debt valuation adjustments		
Fulfillment of policy liabilities and amortization of policy account balances	¥ 18	Life insurance costs
	18	Total before income tax
	(5)	Income tax (expense) or benefit
	¥ 13	Net of tax
Defined benefit pension plans		
Amortization of prior service credit	¥ 376	See Note 17 “Pension Plans”
Amortization of net actuarial loss	(88)	See Note 17 “Pension Plans”
Amortization of transition obligation	(1)	See Note 17 “Pension Plans”
	287	Total before income tax
	(76)	Income tax (expense) or benefit
	¥ 211	Net of tax
Foreign currency translation adjustments		
Foreign exchange contracts	¥(14,673)	Gains on sales of subsidiaries and equity method investments and liquidation losses, net/Interest expense/Other (income) and expense
Sales or liquidation	8,776	Gains on sales of subsidiaries and equity method investments and liquidation losses, net
	(5,897)	Total before income tax
	1,806	Income tax (expense) or benefit
	¥ (4,091)	Net of tax
Net unrealized gains (losses) on derivative instruments		
Interest rate swap agreements	¥ (175)	Interest expense
Foreign exchange contracts	0	Interest expense/Other (income) and expense
Foreign currency swap agreements	(1,671)	Interest expense/Other (income) and expense
	(1,846)	Total before income tax
	408	Income tax (expense) or benefit
	¥ (1,438)	Net of tax

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Fiscal Year ended March 31, 2024		
Details about accumulated other comprehensive income components	Reclassification adjustment included in net income	Consolidated statements of income caption
	Millions of yen	
Net unrealized gains (losses) on investment in securities		
Sales of debt securities	¥ 231	Gains on investment securities and dividends
Sales of debt securities	(7,184)	Life insurance premiums and related investment income
Amortization of debt securities	756	Finance revenues
Amortization of debt securities	4,108	Life insurance premiums and related investment income
	<u>(2,089)</u>	Total before income tax
	749	Income tax (expense) or benefit
	<u>¥ (1,340)</u>	Net of tax
Debt valuation adjustments		
Fulfillment of policy liabilities and amortization of policy account balances	¥ 19	Life insurance costs
	19	Total before income tax
	<u>(5)</u>	Income tax (expense) or benefit
	<u>¥ 14</u>	Net of tax
Defined benefit pension plans		
Amortization of prior service credit	¥ 438	See Note 17 “Pension Plans”
Amortization of net actuarial loss	(70)	See Note 17 “Pension Plans”
Amortization of transition obligation	(1)	See Note 17 “Pension Plans”
	367	Total before income tax
	<u>(101)</u>	Income tax (expense) or benefit
	<u>¥ 266</u>	Net of tax
Foreign currency translation adjustments		
Foreign exchange contracts	¥(14,952)	Gains on sales of subsidiaries and equity method investments and liquidation losses, net/Interest expense
Sales or liquidation	109	Gains on sales of subsidiaries and equity method investments and liquidation losses, net
	<u>(14,843)</u>	Total before income tax
	4,601	Income tax (expense) or benefit
	<u>¥(10,242)</u>	Net of tax
Net unrealized gains (losses) on derivative instruments		
Interest rate swap agreements	¥ 114	Interest expense
Foreign currency swap agreements	3,778	Interest expense/Other (income) and expense
	3,892	Total before income tax
	<u>(945)</u>	Income tax (expense) or benefit
	<u>¥ 2,947</u>	Net of tax

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Fiscal Year ended March 31, 2025		
Details about accumulated other comprehensive income components	Reclassification adjustment included in net income	Consolidated statements of income caption
	Millions of yen	
Net unrealized gains (losses) on investment in securities		
Sales of debt securities	¥ 1,004	Gains on investment securities and dividends
Sales of debt securities	(9,010)	Life insurance premiums and related investment income
Amortization of debt securities	1,732	Finance revenues
Amortization of debt securities	6,771	Life insurance premiums and related investment income
	<u>497</u>	Total before income tax
	<u>347</u>	Income tax (expense) or benefit
	<u>¥ 844</u>	Net of tax
Debt valuation adjustments		
Fulfillment of policy liabilities and amortization of policy account balances	¥ 4	Life insurance costs
	<u>4</u>	Total before income tax
	<u>(1)</u>	Income tax (expense) or benefit
	<u>¥ 3</u>	Net of tax
Defined benefit pension plans		
Amortization of prior service credit	¥ 394	See Note 17 “Pension Plans”
Amortization of net actuarial loss	84	See Note 17 “Pension Plans”
Amortization of transition obligation	(1)	See Note 17 “Pension Plans”
Settlements	148	See Note 17 “Pension Plans”
	<u>625</u>	Total before income tax
	<u>(181)</u>	Income tax (expense) or benefit
	<u>¥ 444</u>	Net of tax
Foreign currency translation adjustments		
Foreign exchange contracts	¥(26,592)	Gains on sales of subsidiaries and equity method investments and liquidation losses, net/Interest expense
Sales or liquidation	903	Gains on sales of subsidiaries and equity method investments and liquidation losses, net
	<u>(25,689)</u>	Total before income tax
	<u>7,963</u>	Income tax (expense) or benefit
	<u>¥(17,726)</u>	Net of tax
Net unrealized gains (losses) on derivative instruments		
Interest rate swap agreements	¥ 446	Interest expense
Foreign exchange contracts	(694)	Interest expense
Foreign currency swap agreements	(11,239)	Interest expense/Other (income) and expense
Options held/written and other	(14)	Life insurance premiums and related investment income
	<u>(11,501)</u>	Total before income tax
	<u>2,635</u>	Income tax (expense) or benefit
	<u>¥ (8,866)</u>	Net of tax

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Comprehensive income (loss) and its components attributable to ORIX Corporation and noncontrolling interests have been reported, net of tax, in the consolidated statements of changes in equity, and information about comprehensive income (loss) and its components attributable to redeemable noncontrolling interests is provided in Note 18 “Redeemable Noncontrolling Interests.” Total comprehensive income (loss) and its components have been reported, net of tax, in the consolidated statements of comprehensive income.

21. ORIX Corporation Shareholders’ Equity

Changes in the number of shares issued in fiscal 2023, 2024 and 2025 are as follows:

	Number of shares		
	2023	2024	2025
Beginning balance	1,258,277,087	1,234,849,342	1,214,961,054
Cancellation of treasury stock	(23,427,745)	(19,888,288)	(51,998,810)
Ending balance	<u>1,234,849,342</u>	<u>1,214,961,054</u>	<u>1,162,962,244</u>

The Japanese Companies Act (the “Act”) provides that an amount equivalent to 10% of any dividends resulting from appropriation of retained earnings be appropriated to the legal retained earnings until the aggregate amount of the additional paid-in capital and the legal retained earnings equals 25% of the issued capital. The Act also provides that both additional paid-in capital and the legal retained earnings are not available for dividends but may be capitalized or may be reduced by resolution of the general meeting of shareholders. However, if specified in the Company’s articles of incorporation, dividends can be declared by the Board of Directors instead of the general meeting of shareholders. In accordance with this, the Board of Directors of the Company resolved in May 2025 that a total of ¥65,920 million dividends shall be distributed to the shareholders of record as of March 31, 2025. The liability for declared dividends and related impact on total equity is accounted for in the period of such Board of Directors’ resolution.

The Act provides that at least one-half of amounts paid for new shares are included in common stock when they are issued. In conformity therewith, the Company has divided the principal amount of bonds converted into common stock and proceeds received from the issuance of common stock, including the exercise of warrants and stock acquisition rights, equally between common stock and additional paid-in capital, and set off expenses related to the issuance from the additional paid-in capital.

The amount available for dividends under the Act is calculated based on the amount recorded in the Company’s non-consolidated financial statements prepared in accordance with accounting principles generally accepted in Japan. As a result, the amount available for dividends is ¥914,462 million as of March 31, 2025.

Retained earnings at March 31, 2025 include ¥124,403 million relating to equity in undistributed earnings of the companies accounted or by the equity method.

As of March 31, 2025, the restricted net assets of certain subsidiaries include regulatory capital requirements mainly for banking and life insurance operations of ¥12,031 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

22. Gains on Investment Securities and Dividends

Gains on investment securities and dividends in fiscal 2023, 2024 and 2025 consist of the following:

	Millions of yen		
	2023	2024	2025
Net gains on investment securities*	¥ 25,705	¥ 30,731	¥ 11,825
Dividends income	2,145	2,292	2,499
	<u>¥ 27,850</u>	<u>¥ 33,023</u>	<u>¥ 14,324</u>

* Unrealized changes in fair value of investments in equity securities have been included in “Net gains on investment securities.”

23. Income and Expenses Relating to Life Insurance Operations

Life insurance premiums and related investment income in fiscal 2023, 2024 and 2025 consist of the following:

	Millions of yen		
	2023	2024	2025
Life insurance premiums	¥451,404	¥459,655	¥ 481,432
Life insurance related investment income*	42,666	99,268	33,827
	<u>¥494,070</u>	<u>¥558,923</u>	<u>¥ 515,259</u>

* Life insurance related investment income in fiscal 2023, 2024 and 2025 include net unrealized holding gains of ¥851 million, ¥43,301 million and ¥2,577 million on equity securities held as of March 31, 2023, 2024 and 2025, respectively.

Life insurance premiums include reinsurance benefits, net of reinsurance premiums. For fiscal 2023, 2024 and 2025, reinsurance benefits and reinsurance premiums included in life insurance premiums are as follows:

	Millions of yen		
	2023	2024	2025
Reinsurance benefits	¥ 3,239	¥ 3,452	¥ 10,634
Reinsurance premiums	(4,891)	(4,937)	(5,119)

Life insurance premiums and related investment income include net realized and unrealized gains or losses from investment assets under management on behalf of variable annuity and variable life policyholders, and net gains or losses from derivative contracts, which consist of gains or losses from futures and foreign exchange contracts, entered to economically hedge a portion of the minimum guarantee risk relating to variable annuity and variable life insurance contracts. In addition, the fair value option was elected for the entire variable annuity and variable life insurance contracts to offset earnings recognized for gains or losses from the investment assets managed on behalf of variable annuity and variable life policyholders, derivative contracts and the changes in the fair value of reinsurance contracts. Life insurance costs include the net amount of the changes in fair value of the variable annuity and variable life insurance contracts for which the fair value option was elected and insurance costs recognized for insurance and annuity payouts as a result of insured events. Certain subsidiaries have elected the fair value option for certain reinsurance contracts to partially offset the changes in fair value recognized in earnings of the policy liabilities and policy account balances attributable to the changes in the minimum

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

guarantee risks of the variable annuity and variable life insurance contracts, and the changes in the fair value of the reinsurance contracts were recorded in life insurance costs.

The portion of the total change in the fair value of variable annuity and variable life insurance contracts that results from a change in the instrument-specific credit risk is recognized in other comprehensive income (loss), net of applicable income taxes.

The above mentioned gains or losses relating to variable annuity and variable life insurance contracts for fiscal 2023, 2024 and 2025 are mainly as follows:

	Millions of yen		
	2023	2024	2025
Life insurance premiums and related investment income :			
Net realized and unrealized gains or losses from investment assets	¥ (2,312)	¥40,821	¥ (3,496)
Net gains or losses from derivative contracts :	(1,360)	(3,568)	(372)
Futures	(855)	(3,046)	(262)
Foreign exchange contracts	(505)	(522)	(110)
Life insurance costs :			
Changes in the fair value of the policy liabilities and policy account balances	¥(35,097)	¥ 3,208	¥(30,998)
Insurance costs recognized for insurance and annuity payouts as a result of insured events	28,754	26,997	23,706
Changes in the fair value of the reinsurance contracts	538	1,890	200

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

24. Long-Duration Insurance Contracts Relating to Life Insurance Operations

The following tables present balances of and changes in the liability for future policy benefits as of and for the fiscal year ended March 31, 2024 and 2025.

Present value of expected net premiums	Millions of yen					
	March 31, 2024			March 31, 2025		
	Yen-denominated insurance (First Sector)	Yen-denominated insurance (Third Sector)	Foreign currency denominated insurance	Yen-denominated insurance (First Sector)	Yen-denominated insurance (Third Sector)	Foreign currency denominated insurance
Beginning balance	¥ 894,537	¥1,389,063	¥374,951	¥ 873,038	¥1,306,719	¥389,664
Beginning balance at original discount rate	865,333	1,338,398	409,847	858,959	1,289,145	424,186
Effect of changes in cash flow assumptions	(6,213)	3,634	2,106	(9,660)	(7,648)	66
Effect of actual variances from expected experience	1,418	2,865	(2,531)	984	812	(3,193)
Adjusted beginning balance . .	860,538	1,344,897	409,422	850,283	1,282,309	421,059
Issuances	94,169	52,510	43,378	130,605	34,189	31,717
Interests	10,840	18,439	12,405	10,568	17,489	12,323
Net premium earned	(106,300)	(119,416)	(61,594)	(116,850)	(116,049)	(62,788)
Actual variances from cash flow assumptions	(550)	(862)	(1,222)	(437)	(770)	(1,231)
Derecognition	262	(6,423)	(32,681)	3,131	(463)	(27,567)
Effect of changes in foreign exchange rate	0	0	54,478	0	0	(4,667)
Ending balance at original discount rate	858,959	1,289,145	424,186	877,300	1,216,705	368,846
Effect of changes in discount rates	14,079	17,574	(34,522)	(21,869)	(54,491)	(22,914)
Ending balance	<u>¥ 873,038</u>	<u>¥1,306,719</u>	<u>¥389,664</u>	<u>¥ 855,431</u>	<u>¥1,162,214</u>	<u>¥345,932</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Present value of expected future policy benefits	Millions of yen					
	2024			2025		
	Yen-denominated insurance (First Sector)	Yen-denominated insurance (Third Sector)	Foreign currency denominated insurance	Yen-denominated insurance (First Sector)	Yen-denominated insurance (Third Sector)	Foreign currency denominated insurance
Beginning balance	¥1,571,886	¥1,918,462	¥ 387,073	¥1,565,877	¥1,844,599	¥ 447,081
Beginning balance at original discount rate	1,598,009	1,887,744	573,616	1,658,143	1,895,730	659,217
Effect of changes in cash flow assumptions	(7,962)	4,600	1,782	(10,284)	(8,470)	81
Adjusted beginning balance . . .	1,590,047	1,892,344	575,398	1,647,859	1,887,260	659,298
Issuances	94,169	52,510	43,378	130,605	34,189	31,717
Interests	23,981	28,159	17,649	24,463	27,997	19,385
Insurance claims paid	(52,161)	(70,513)	(17,757)	(57,099)	(72,044)	(18,634)
Actual variances from cash flow assumptions	(11,644)	(7,465)	11,794	(9,571)	(8,287)	13,086
Derecognition	13,751	695	(49,973)	14,655	8,960	(46,693)
Effect of changes in foreign exchange rate	0	0	78,728	0	0	(8,154)
Ending balance at original discount rate	1,658,143	1,895,730	659,217	1,750,912	1,878,075	650,005
Effect of changes in discount rates	(92,266)	(51,131)	(212,136)	(239,476)	(218,115)	(207,066)
Ending balance	¥1,565,877	¥1,844,599	¥ 447,081	¥1,511,436	¥1,659,960	¥ 442,939
Net liability for future policy benefits	¥ 692,839	¥ 537,880	¥ 57,417	¥ 656,005	¥ 497,746	¥ 97,007
Deferred profit liabilities	47,068	68,539	26,930	61,448	74,962	37,340
Subtotal	739,907	606,419	84,347	717,453	572,708	134,347
Less: Reinsurance recoverable	211	0	0	196	0	0
The liability for future policy benefits, after reinsurance recoverable	¥ 739,696	¥ 606,419	¥ 84,347	¥ 717,257	¥ 572,708	¥ 134,347

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following tables provide the breakdown of the policy liabilities and policy account balances recorded in the consolidated balance sheets as of March 31, 2024 and 2025:

	Millions of yen	
	2024	2025
Yen-denominated insurance (First Sector)	¥ 739,696	¥ 717,257
Yen-denominated insurance (Third Sector)	606,419	572,708
Foreign currency denominated insurance	84,347	134,347
Subtotal	1,430,462	1,424,312
Policy account balances for single-payment whole life insurance	0	134,572
Fixed annuities and annuitization benefits	138,419	119,093
Policy account balances for variable annuity and variable life insurance contracts and market risk benefits	167,207	136,257
Others*	156,422	133,813
Total	¥1,892,510	¥1,948,047

* Others include unearned premiums and liabilities for unpaid claims.

The amount of undiscounted and discounted expected future gross premiums and expected future policy benefits and expenses as of March 31, 2024 and 2025 are as follows:

	Millions of yen			
	2024		2025	
	Undiscounted	Discounted	Undiscounted	Discounted
Yen-denominated insurance (First Sector)				
Expected future gross premiums	¥1,525,071	¥1,395,370	¥1,551,749	¥1,362,111
Expected future policy benefits and expenses	2,378,836	1,565,877	2,532,638	1,511,436
Yen-denominated insurance (Third Sector)				
Expected future gross premiums	2,590,963	2,242,701	2,456,942	2,003,392
Expected future policy benefits and expenses	2,583,535	1,844,599	2,552,133	1,659,960
Foreign currency denominated insurance				
Expected future gross premiums	685,134	535,943	617,771	493,328
Expected future policy benefits and expenses	1,300,018	447,081	1,288,727	442,939

For the fiscal year ended March 31, 2024 and 2025, the effects of net premium exceeding gross premiums in certain cohorts are immaterial in earnings for the respective periods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The amounts of gross premiums and interest expense recognized in the consolidated statement of income for the fiscal year ended March 31, 2023, 2024 and 2025 are as follows:

	Millions of yen					
	Fiscal Year ended March 31, 2023		Fiscal Year ended March 31, 2024		Fiscal Year ended March 31, 2025	
	Gross premiums	Interest expense	Gross premiums	Interest expense	Gross premiums	Interest expense
Yen-denominated insurance (First Sector) . . .	¥162,667	¥12,309	¥168,805	¥13,142	¥184,650	¥13,895
Yen-denominated insurance (Third Sector) . .	208,640	9,077	205,787	9,720	199,809	10,509
Foreign currency denominated insurance	77,369	3,585	82,332	5,243	87,400	7,062
Total	<u>¥448,676</u>	<u>¥24,971</u>	<u>¥456,924</u>	<u>¥28,105</u>	<u>¥471,859</u>	<u>¥31,466</u>

The weighted average discount rates for the liability for future policy benefits as of March 31, 2024 and 2025 are as follows:

	Weighted average rate	
	2024	2025
Yen-denominated insurance (First Sector)		
Weighted average of the original discount rates	1.7%	1.8%
Weighted average of the current discount rates	<u>2.1</u>	<u>2.7</u>
Yen-denominated insurance (Third Sector)		
Weighted average of the original discount rates	1.7	1.7
Weighted average of the current discount rates	<u>2.1</u>	<u>2.7</u>
Foreign currency denominated insurance		
Weighted average of the original discount rates	3.1	3.3
Weighted average of the current discount rates	<u>5.5</u>	<u>5.9</u>

The weighted average duration of the liability for future policy benefit as of March 31, 2024 and 2025 are as follows:

	Years	
	2024	2025
Yen-denominated insurance (First Sector)	36.4	35.1
Yen-denominated insurance (Third Sector)	34.7	32.5
Foreign currency denominated insurance	<u>36.9</u>	<u>33.5</u>

Assumptions for calculating the liability for future policy benefits include assumptions related to mortality, morbidity, lapse rates and discount rates. The Company and its subsidiaries reviewed their assumptions, recognized variances between actual and forecasted results and updated the assumptions during fiscal 2024 and 2025 as follows.

- Yen-denominated insurance (First Sector)

During fiscal 2024 the Company and its subsidiaries updated expected mortality and lapse rates due to the lower-than-expected mortality and the higher-than-expected lapse rates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

During fiscal 2025 the Company and its subsidiaries updated expected mortality and lapse rates due to the higher-than-expected mortality and lapse rates.

- Yen-denominated insurance (Third Sector)

During fiscal 2024 the Company and its subsidiaries updated expected mortality and lapse rates due to the higher-than-expected mortality and the lower-than-expected lapse rates. The actual morbidity excluding deemed hospitalization was lower than expected ever after reclassification of the legal category of COVID-19 by Japanese government. However, the relevant morbidity assumptions were not updated because the Company and its subsidiaries believe further observations are needed to determine whether such assumption is temporary or permanent.

During fiscal 2025 the Company and its subsidiaries updated expected mortality and lapse rates due to the higher-than-expected mortality and lapse rates. The actual morbidity excluding deemed hospitalization was lower-than-expected ever after reclassification of the legal category of COVID-19 by Japanese government. However, the relevant morbidity assumptions were not updated because the Company and its subsidiaries believe further observations are needed to determine whether such an assumption is temporary or permanent.

- Foreign currency denominated insurance

During fiscal 2024 the Company and its subsidiaries updated expected mortality rates due to the lower-than-expected mortality rates. In addition, lapse rates were higher-than-expected due to the impact of rapid exchange rate fluctuations, but as this is considered to be a temporary factor, the Company and its subsidiaries removed the impact and updated expected lapse rates.

During fiscal 2025 the Company and its subsidiaries updated expected mortality rates due to the different-from-expected mortality rates. In addition, lapse rates were higher-than-expected due to the impact of rapid exchange rate fluctuations. However, the relevant lapse rates were not updated because the Company and its subsidiaries believe further observations are needed to determine whether such an assumption is temporary or permanent.

The market data underlying the discount rate was updated quarterly for both the fiscal year ended March 31, 2024 and for fiscal 2025.

For the effect of the changes in assumptions on expected net premiums and expected future policy benefits, see “Effect of changes in cash flow assumptions” and “Effect of changes in discount rates” in the tables that represent balances of and changes in the liability for future policy benefits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following tables present balances of and changes in the deferred policy acquisition costs as of and for the fiscal year ended March 31, 2024 and 2025:

	Millions of yen			
	2024			
	Yen-denominated insurance (First Sector)	Yen-denominated insurance (Third Sector)	Foreign currency denominated insurance	Total
Beginning balance	¥77,957	¥166,696	¥42,726	¥287,379
Capitalization	10,285	12,855	7,120	30,260
Amortization	(5,901)	(9,970)	(2,301)	(18,172)
Effect of changes in foreign exchange rate	0	0	6,267	6,267
Ending balance	¥82,341	¥169,581	¥53,812	¥305,734

	Millions of yen				
	2025				
	Yen-denominated insurance (First Sector)	Yen-denominated insurance (Third Sector)	Foreign currency denominated insurance	Single-payment whole life insurance	Total
Beginning balance	¥82,341	¥169,581	¥53,812	¥ 0	¥305,734
Capitalization	13,431	9,180	6,633	6,627	35,871
Amortization	(6,411)	(10,072)	(2,689)	(43)	(19,215)
Effect of changes in foreign exchange rate	0	0	(605)	(137)	(742)
Others*	0	0	0	(5,808)	(5,808)
Ending balance	¥89,361	¥168,689	¥57,151	¥ 639	¥315,840

* Others include adjustments of reinsurance.

Deferred policy acquisition costs are amortized over the expected term of the policies on a constant-level basis. The assumptions used for the amortization of deferred policy acquisition costs are consistent with the assumptions for the liability for future policy benefits. The underlying assumptions for deferred policy acquisition costs and the liability for future policy benefits are updated at the same time. In addition, deferred policy acquisition costs are included in other assets in the consolidated balance sheets.

The following table presents policy account balances for single-payment whole life insurance and fixed annuity and annuitization benefits by range of minimum guaranteed interest rates as of March 31, 2024 and 2025.

Range of minimum guaranteed interest rates	Millions of yen			
	2024	2025		
	Minimum guarantees	Minimum guarantees	Above minimum guarantees	
			50-150bp	150bp or more
0.00% - less than 1.50%	¥131,328	¥111,626	¥7,421	¥127,151
1.50% or more	7,091	7,467	0	0
Total	¥138,419	¥119,093	¥7,421	¥127,151

The following table provides information about single-payment whole life insurance for the fiscal year ended March 31, 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

	Millions of yen
	2025
Beginning balance	¥ 0
New contract	136,863
Surrenders and partial surrenders	(66)
Benefit payments and lump sum payments, etc.	(49)
Policy charges	(188)
Interests	1,072
Effect of changes in foreign exchange rate	(3,060)
Ending balance	<u>¥134,572</u>
	2025
Weighted average guaranteed interest rate (%)	3.9%
Benefits in excess of policy account balances (Millions of yen)	0
Cash surrender value (Millions of yen)	127,659

The following table provides information about fixed annuity and annuitization benefits for the fiscal year ended March 31, 2024 and 2025.

	Millions of yen	
	2024	2025
Beginning balance	¥158,952	¥138,419
Transfer in	10,249	9,381
Surrenders and partial surrenders	(71)	(85)
Benefit payments and lump sum payments, etc.	(31,179)	(28,912)
Policy charges	(229)	(214)
Transfer out	(290)	(373)
Interests	1,023	895
Others	(36)	(18)
Ending balance	<u>¥138,419</u>	<u>¥119,093</u>
	2024	2025
Weighted average guaranteed interest rate (%)	0.7	0.7
Benefits in excess of policy account balances (Millions of yen)	¥ 1	¥ 0
Cash surrender value (Millions of yen)	132,411	113,492

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following table provides information about policy account balances for variable annuity and variable life insurance contracts and market risk benefits as of and for the fiscal year ended March 31, 2024 and 2025:

	Millions of yen	
	2024	2025
Beginning balance	¥163,734	¥167,207
Effect of changes other than through net income and other comprehensive income	(26,997)	(23,706)
Surrenders and withdrawals	(7,641)	(4,924)
Transfer in	(7,891)	(6,902)
Benefit payments	(11,434)	(11,851)
Others	(31)	(29)
Changes through net income	30,205	(7,292)
Effect of changes in fair value of corresponding investment assets	40,846	(3,538)
Fee income	(3,750)	(3,590)
Effect of changes in fair value of market risk benefits	(6,891)	(164)
Changes through other comprehensive income	265	48
Effect of changes in the instrument-specific credit risk	265	48
Ending balance	¥167,207	¥136,257

	Millions of yen	
	2024	2025
Policy account balances	¥167,496	¥136,662
Market risk benefits	(289)	(405)
Total	¥167,207	¥136,257

25. Write-Downs of Long-Lived Assets

The Company and its subsidiaries perform tests for recoverability on long-lived assets classified as held and used for which events or changes in circumstances indicated that the assets might be impaired. The Company and its subsidiaries consider an asset's carrying amount as not recoverable when such carrying amount exceeds the undiscounted future cash flows estimated to result from the use and eventual disposition of the asset. The net carrying amount of assets not recoverable is reduced to fair value if lower than the carrying amount.

As of March 31, 2024 and 2025, the long-lived assets and liabilities associated with those assets classified as held for sale in the accompanying consolidated balance sheets are as follows.

	Millions of yen	
	2024	2025
Investment in operating leases	¥43,775	¥ 7,230
Property under facility operations	8,405	15,217
Office facilities	82	3,558
Other assets	6,005	22
Other liabilities	68	221

The long-lived assets classified as held for sale as of March 31, 2024 are included in Corporate Financial Services and Maintenance Leasing segment, Real Estate segment, PE Investment and Concession segment and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Aircraft and Ships segment. The long-lived assets classified as held for sale as of March 31, 2025 are included in Corporate Financial Services and Maintenance Leasing segment, Real Estate segment, PE Investment and Concession segment, Environment and Energy segment and Aircraft and Ships segment.

The Company and its subsidiaries determine the fair value using appraisals prepared by independent third party appraisers or our own staff of qualified appraisers, and others based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flows methodologies using future cash flows estimated to be generated from operation of the existing assets or completion of development projects, as appropriate.

During fiscal 2023, 2024 and 2025, the Company and its subsidiaries recognized impairment losses for the difference between carrying amounts and fair values in the amount of ¥2,297 million, ¥1,724 million and ¥25,933 million, respectively, which are reflected as write-downs of long-lived assets. Breakdowns of these amounts are as follows.

	Write-downs of the assets held for sale		Write-downs due to decline in estimated future cash flows	
	Amount (Millions of yen)	The number of properties	Amount (Millions of yen)	The number of properties
Fiscal Year ended March 31, 2023				
Office buildings	¥ 0	—	¥ 1,535	2
Commercial facilities other than office buildings	0	—	51	2
Condominiums	2	1	15	19
Others*	241	—	453	—
Total	<u>¥243</u>	<u>—</u>	<u>¥ 2,054</u>	<u>—</u>

	Write-downs of the assets held for sale		Write-downs due to decline in estimated future cash flows	
	Amount (Millions of yen)	The number of properties	Amount (Millions of yen)	The number of properties
Fiscal Year ended March 31, 2024				
Office buildings	¥ 0	—	¥ 641	2
Commercial facilities other than office buildings	0	—	547	4
Condominiums	0	1	30	22
Others*	134	—	372	—
Total	<u>¥134</u>	<u>—</u>	<u>¥ 1,590</u>	<u>—</u>

	Write-downs of the assets held for sale		Write-downs due to decline in estimated future cash flows	
	Amount (Millions of yen)	The number of properties	Amount (Millions of yen)	The number of properties
Fiscal Year ended March 31, 2025				
Office buildings	¥ 0	—	¥ 0	—
Commercial facilities other than office buildings	0	—	0	—
Condominiums	31	20	0	—

ORIX Corporation and Subsidiaries

* For the “Others”, the numbers of properties are omitted. Write-downs of long-lived assets for fiscal 2025 include write-downs of property under facility operations held by certain subsidiaries, of which ¥20,030 million related to write-downs of two coal-biomass co-fired power plants.

26. Per Share Data

In fiscal 2023, 2024 and 2025, there was no stock compensation which was antidilutive.

F-141

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

	Millions of yen		
	2023	2024	2025
	Thousands of shares		
	2023	2024	2025
	Yen		
	2023	2024	2025
Earnings per share for net income attributable to ORIX Corporation shareholders:			
Basic	¥ 245.98	¥ 298.55	¥ 307.74
Diluted	245.65	298.05	307.16

Note: The Company's shares held through the Board Incentive Plan Trust are included in the number of treasury stock to be deducted in calculation of the weighted-average shares for EPS computation (2,496,724 shares, 2,783,978 shares and 3,182,417 shares in fiscal 2023, 2024 and 2025).

27. Derivative Financial Instruments and Hedging

Risk management policy

The Company and its subsidiaries manage interest rate risk through asset-liability management ("ALM"). The Company and its subsidiaries use derivative financial instruments to hedge interest rate risk and avoid changes in interest rates that could have a significant adverse effect on the Company's results of operations. As a result of interest rate changes, the fair value and/or cash flow of interest sensitive assets and liabilities will fluctuate. However, such fluctuation will generally be offset by using derivative financial instruments as hedging instruments. Derivative financial instruments that the Company and its subsidiaries use as part of the interest risk management include interest rate swaps.

The Company and its subsidiaries appropriately manage exchange rate risk by using means such as foreign currency-denominated loans, foreign exchange contracts and currency swaps to hedge exchange rate volatility in our business transactions in foreign currencies and overseas investments. A certain subsidiary holds futures and foreign exchange contracts for the purpose of economic hedges against minimum guarantee risk of variable annuity and variable life insurance contracts.

By using derivative instruments, the Company and its subsidiaries are exposed to credit risk in the event of nonperformance by counterparties. The Company and its subsidiaries attempt to manage the credit risk by carefully evaluating the content of transactions and the quality of counterparties in advance and regularly monitoring the amount of notional principal, fair value, type of transaction and other factors pertaining to each counterparty.

The Company and its subsidiaries have no derivative instruments with credit-risk-related contingent features as of March 31, 2024 and 2025.

(a) Cash flow hedges

The Company and its subsidiaries designate interest rate swap agreements, foreign currency swap agreements and foreign exchange contracts as cash flow hedges for variability of cash flows originating from floating rate borrowings and forecasted transactions and for exchange fluctuations. Net gains (losses) before deducting applicable taxes on derivative contracts were reclassified from other comprehensive income (loss) into

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

earnings when earnings were affected by the variability in cash flows of the designated hedged item. The amounts of these net gains (losses) after deducting applicable taxes were net losses of ¥1,438 million, net gain of ¥2,947 million and net losses of ¥8,866 million during fiscal 2023, 2024 and 2025, respectively. The amount of net derivative gain, ¥2,062 million, included in other comprehensive income (loss), net of applicable income taxes at March 31, 2025 will be reclassified into earnings within fiscal 2026.

(b) Fair value hedges

The Company and its subsidiaries use financial instruments designated as fair value hedges to hedge their exposure to interest rate risk and foreign currency exchange risk. A certain subsidiary designates foreign exchange contracts to minimize foreign currency exposures on bonds in foreign currencies in the insurance business. The subsidiary also uses interest rate swap agreements to hedge interest rate exposure of the fair values of bonds in foreign currencies in the insurance business.

(c) Hedges of net investment in foreign operations

The Company and its subsidiaries use foreign exchange contracts and borrowings and bonds denominated in foreign currencies to hedge the foreign currency exposure of the net investment in overseas subsidiaries and equity method investments.

(d) Derivatives not designated as hedging instruments

The Company and its subsidiaries entered into interest rate swap agreements, futures and foreign exchange contracts for risk management purposes which are not qualified for hedge accounting. A certain subsidiary holds futures and foreign exchange contracts for the purpose of economic hedges against minimum guarantee risk of variable annuity and variable life insurance contracts.

The effect of derivative instruments on the consolidated statements of income, pre-tax, for fiscal 2023 is as follows.

(1) Cash flow hedges

Millions of yen			
	Gains (losses) recognized in other comprehensive income on derivative	Gains (losses) reclassified from other comprehensive income (loss) into income	
		Interest expense	Other (income) and expense
Interest rate swap agreements	¥23,838	¥ 175	¥ 0
Foreign exchange contracts	(184)	(893)	893
Foreign currency swap agreements	(2,268)	766	905
Options held/written and other	(48)	0	0

(2) Fair value hedges

	Millions of yen			
	Gains (losses) recognized in income on derivative and other		Gains (losses) recognized in income on hedged item	
	Life insurance premiums and related investment income	Other (income) and expense	Life insurance premiums and related investment income	Other (income) and expense
Interest rate swap agreements . .	¥ 2,633	¥ 0	¥ (2,499)	¥ 0
Foreign exchange contracts . . .	(42,947)	(412)	43,006	332

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

(3) Hedges of net investment in foreign operations

	Millions of yen			
	Gains (losses) recognized in other comprehensive income on derivative and others	Gains (losses) reclassified from other comprehensive income (loss) into income		
		Gains on sales of subsidiaries and equity method investments and liquidation losses, net	Interest expense	Other (income) and expense
Foreign exchange contracts	¥(21,316)	¥(7,874)	¥7,051	¥(252)
Borrowings and bonds in foreign currencies	(66,947)	0	0	0

(4) Derivatives not designated as hedging instruments

	Millions of yen		
	Gains (losses) recognized in income on derivative		
	Life insurance premiums and related investment income*1	Interest expense*2	Other (income) and expense
Interest rate swap agreements	¥ 0	¥ 5	¥ (222)
Futures	(855)	0	(1,300)
Foreign exchange contracts	21,659	4,231	49,589
Credit derivatives held/written	0	0	3
Options held/written and other	0	0	1,828

*1 Futures and foreign exchange contracts in the above table include gains (losses) arising from futures and foreign exchange contracts held to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts for fiscal 2023 (see Note 23 “Income and Expenses Relating to Life Insurance Operations”).

*2 The portion of gains (losses) recognized in income on derivative arising from foreign exchange contracts that represents interest rate adjustments is recognized as interest expense.

The effect of derivative instruments on the consolidated statements of income, pre-tax, for fiscal 2024 is as follows.

(1) Cash flow hedges

	Millions of yen			
	Gains (losses) recognized in other comprehensive income on derivative	Gains (losses) reclassified from other comprehensive income (loss) into income		
		Life insurance premiums and related investment income	Interest expense	Other (income) and expense
Interest rate swap agreements	¥(5,090)	¥ 0	¥ (114)	¥ 0
Foreign exchange contracts	(57)	0	0	0
Foreign currency swap agreements	2,733	0	2,521	(6,299)
Options held/written and other	(1,092)	(0)	0	0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

(2) Fair value hedges

	Millions of yen			
	Gains (losses) recognized in income on derivative and other		Gains (losses) recognized in income on hedged item	
	Life insurance premiums and related investment income	Other (income) and expense	Life insurance premiums and related investment income	Other (income) and expense
Interest rate swap agreements . .	¥ (216)	¥ 0	¥ 335	¥ 0
Foreign exchange contracts . . .	(61,917)	(130)	62,028	42

(3) Hedges of net investment in foreign operations

	Millions of yen		
	Gains (losses) recognized in other comprehensive income on derivative and others	Gains (losses) reclassified from other comprehensive income (loss) into income	
		Gains on sales of subsidiaries and equity method investments and liquidation losses, net	Interest expense
Foreign exchange contracts	¥(41,341)	¥(87)	¥14,865
Borrowings and bonds in foreign currencies	(97,221)	0	0

(4) Derivatives not designated as hedging instruments

	Millions of yen		
	Gains (losses) recognized in income on derivative		
	Life insurance premiums and related investment income*1	Interest expense*2	Other (income) and expense
Interest rate swap agreements	¥ 0	¥ 4	¥ 92
Futures	(3,046)	0	1,073
Foreign exchange contracts	40,127	2,980	16,152
Credit derivatives held/written	0	0	(27)
Options held/written and other	0	0	750

*1 Futures and foreign exchange contracts in the above table include gains (losses) arising from futures and foreign exchange contracts held to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts for fiscal 2024 (see Note 23 “Income and Expenses Relating to Life Insurance Operations”).

*2 The portion of gains (losses) recognized in income on derivative arising from foreign exchange contracts that represents interest rate adjustments is recognized as interest expense.

The effect of derivative instruments on the consolidated statements of income, pre-tax, for fiscal 2025 is as follows.

(1) Cash flow hedges

	Millions of yen			
	Gains (losses) recognized in other comprehensive income on derivative	Gains (losses) reclassified from other comprehensive income (loss) into income		
		Life insurance premiums and related investment income	Interest expense	Other (income) and expense
Interest rate swap agreements	¥ (2,226)	¥ 0	¥ (446)	¥ 0
Foreign exchange contracts	2,179	0	694	0
Foreign currency swap agreements	(10,239)	0	2,977	8,262
Options held/written and other	(8,059)	14	0	0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

(2) Fair value hedges

	Millions of yen				
	Gains (losses) recognized in income on derivative and other			Gains (losses) recognized in income on hedged item	
	Life insurance premiums and related investment income	Interest expense	Other (income) and expense	Life insurance premiums and related investment income	Other (income) and expense
Interest rate swap agreements	¥ 147	¥ 0	¥ (91)	¥ (101)	¥ 92
Foreign exchange contracts	(6,028)	968	(1,223)	6,090	959

(3) Hedges of net investment in foreign operations

	Millions of yen		
	Gains (losses) recognized in other comprehensive income on derivative and others	Gains (losses) reclassified from other comprehensive income (loss) into income	
		Gains on sales of subsidiaries and equity method investments and liquidation losses, net	Interest expense
Foreign exchange contracts	¥ 1,488	¥(15,995)	¥10,597
Borrowings and bonds in foreign currencies	(13,601)	0	0

(4) Derivatives not designated as hedging instruments

	Millions of yen		
	Gains (losses) recognized in income on derivative		
	Life insurance premiums and related investment income*1	Interest expense*2	Other (income) and expense
Interest rate swap agreements	¥ 0	¥ 0	¥ 39
Futures	(262)	0	300
Foreign exchange contracts	(10,355)	(22,260)	(1,910)
Credit derivatives held/written	0	0	(0)
Options held/written and other	0	0	(7,399)

*1 Futures and foreign exchange contracts in the above table include gains (losses) arising from futures and foreign exchange contracts held to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts for fiscal 2025 (see Note 23 “Income and Expenses Relating to Life Insurance Operations”).

*2 The portion of gains (losses) recognized in income on derivative arising from foreign exchange contracts that represents interest rate adjustments is recognized as interest expense.

The effect of the components excluded from the assessment of hedge effectiveness on the consolidated statements of income, pre-tax, for fiscal 2023 is as follows.

Fair value hedges

	Millions of yen		
	Gains (losses) recognized in income		
	Life insurance premiums and related investment income	Interest expense	Other (income) and expense
Foreign exchange contracts	¥(12,299)	¥ 20	¥ 0
Options held/written and other	0	0	55

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The effect of the components excluded from the assessment of hedge effectiveness on the consolidated statements of income, pre-tax, for fiscal 2024 is as follows.

Fair value hedges

	Millions of yen		
	Gains (losses) recognized in income		
	Life insurance premiums and related investment income	Interest expense	Other (income) and expense
Foreign exchange contracts	¥(25,208)	¥ 31	¥ 0
Options held/written and other	0	0	57

The carrying amount of hedged assets and liabilities recognized in balance sheets in fair value hedges and the cumulative amount of fair value hedging adjustments included in the carrying amount (excluding the effect of changes in foreign exchange rates) at March 31, 2024 is as follows.

Assets as hedged items in fair value hedges			Liabilities as hedged items in fair value hedges		
Consolidated balance sheets location	Millions of yen		Consolidated balance sheets location	Millions of yen	
	Carrying amount	The cumulative amount of fair value hedging adjustments included in the carrying amount		Carrying amount	The cumulative amount of fair value hedging adjustments included in the carrying amount
Investment in Securities	¥489,908	¥(1,088)	—	¥ —	¥ —
Installment Loans	15,882	¥ 0	—	—	—

The effect of the components excluded from the assessment of hedge effectiveness on the consolidated statements of income, pre-tax, for fiscal 2025 is as follows.

Fair value hedges

	Millions of yen		
	Gains (losses) recognized in income		
	Life insurance premiums and related investment income	Interest expense	Other (income) and expense
Foreign exchange contracts	¥24,143	¥14	¥ 0
Options held/written and other	0	0	41

The carrying amount of hedged assets and liabilities recognized in balance sheets in fair value hedges and the cumulative amount of fair value hedging adjustments included in the carrying amount (excluding the effect of changes in foreign exchange rates) at March 31, 2025 is as follows.

Assets as hedged items in fair value hedges			Liabilities as hedged items in fair value hedges		
Consolidated balance sheets location	Millions of yen		Consolidated balance sheets location	Millions of yen	
	Carrying amount	The cumulative amount of fair value hedging adjustments included in the carrying amount		Carrying amount	The cumulative amount of fair value hedging adjustments included in the carrying amount
Investment in Securities	¥491,447	¥ 0	Long-term Debt	¥28,220	¥ 0
Installment Loans	22,451	(92)	—	—	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Notional amounts of derivative instruments and other, fair values of derivative instruments and other before offsetting at March 31, 2024 and 2025 are as follows.

March 31, 2024

	Notional amount	Derivative assets		Derivative liabilities	
		Fair value	Consolidated	Fair value	Consolidated
	Millions of yen	Millions of yen	balance sheets location	Millions of yen	balance sheets location
Derivatives designated as hedging instruments and other:					
Interest rate swap agreements	¥518,990	¥18,889	Other Assets	¥ 3,722	Other Liabilities
Options held/written and other	44,774	40	Other Assets	1,039	Other Liabilities
Futures, foreign exchange contracts	958,260	2,841	Other Assets	63,703	Other Liabilities
Foreign currency swap agreements	113,962	470	Other Assets	6,563	Other Liabilities
Foreign currency long-term debt	849,630	0	—	0	—
Derivatives not designated as hedging instruments:					
Interest rate swap agreements	¥ 1,930	¥ 106	Other Assets	¥ 6	Other Liabilities
Options held/written and other	468,422	15,309	Other Assets	13,355	Other Liabilities
Futures, foreign exchange contracts*	646,085	35,331	Other Assets	7,294	Other Liabilities
Credit derivatives written	1,000	0	—	4	Other Liabilities

* The notional amounts of futures and foreign exchange contracts in the above table include futures contracts of ¥4,863 million and foreign exchange contracts of ¥524 million to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts at March 31, 2024, respectively. Derivative assets in the above table include fair value of the futures and foreign exchange contracts before offsetting of ¥0 million and ¥9 million and derivative liabilities include fair value of the futures and foreign exchange contracts before offsetting of ¥170 million and ¥94 million at March 31, 2024, respectively.

March 31, 2025

	Notional amount	Derivative assets		Derivative liabilities	
		Fair value	Consolidated	Fair value	Consolidated
	Millions of yen	Millions of yen	balance sheets location	Millions of yen	balance sheets location
Derivatives designated as hedging instruments and other:					
Interest rate swap agreements	¥ 676,691	¥17,788	Other Assets	¥ 2,768	Other Liabilities
Options held/written and other	94,608	98	Other Assets	7,323	Other Liabilities
Futures, foreign exchange contracts	932,649	9,515	Other Assets	25,445	Other Liabilities
Foreign currency swap agreements	303,060	9,570	Other Assets	159	Other Liabilities
Foreign currency long-term debt	250,702	0	—	0	—
Derivatives not designated as hedging instruments:					
Interest rate swap agreements	¥ 1,477	¥ 81	Other Assets	¥ 6	Other Liabilities
Options held/written and other	582,939	15,669	Other Assets	6,392	Other Liabilities
Futures, foreign exchange contracts*	1,592,590	11,449	Other Assets	13,942	Other Liabilities
Credit derivatives written	1,000	0	—	3	Other Liabilities

* The notional amounts of futures and foreign exchange contracts in the above table include futures contracts of ¥5,575 million and foreign exchange contracts of ¥2,205 million to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts at March 31, 2025, respectively. Derivative assets in the above table include fair value of the futures and foreign exchange contracts before offsetting of ¥38 million and ¥38 million and derivative liabilities include fair value of the futures and foreign exchange contracts before offsetting of ¥57 million and ¥11 million at March 31, 2025, respectively.

The Company and its subsidiaries have contracted credit derivatives for the purpose of trading. Details of credit derivatives written as of March 31, 2024 and 2025 are as follows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

March 31, 2024

<u>Types of derivatives</u>	<u>The events or circumstances that would require the seller to perform under the credit derivative</u>	<u>Maximum potential amount of future payment under the credit derivative</u> <u>Millions of yen</u>	<u>Approximate remaining term of the credit derivative</u>	<u>Fair value of the credit derivative</u> <u>Millions of yen</u>
Credit default swap	In case of credit event (bankruptcy, failure to pay, restructuring) occurring in underlying reference company*	¥1,000	Less than four years	¥(4)

* Underlying reference company's credit ratings are A1 or better rated by rating agencies as of March 31, 2024.

March 31, 2025

<u>Types of derivatives</u>	<u>The events or circumstances that would require the seller to perform under the credit derivative</u>	<u>Maximum potential amount of future payment under the credit derivative</u> <u>Millions of yen</u>	<u>Approximate remaining term of the credit derivative</u>	<u>Fair value of the credit derivative</u> <u>Millions of yen</u>
Credit default swap	In case of credit event (bankruptcy, failure to pay, restructuring) occurring in underlying reference company*	¥1,000	Less than three years	¥(3)

* Underlying reference company's credit ratings are A1 or better rated by rating agencies as of March 31, 2025.

28. Offsetting Assets and Liabilities

The gross amounts recognized, gross amounts offset, and net amounts presented in the consolidated balance sheets regarding derivative assets and liabilities as of March 31, 2024 and 2025 are as follows.

March 31, 2024

	Millions of yen					
				Gross amounts not offset in the consolidated balance sheets*		
	Gross amounts recognized	Gross amounts offset in the consolidated balance sheets	Net amounts presented in the consolidated balance sheets	Financial instruments	Collateral received/ pledged	Net amount
Derivative assets	¥72,986	¥(47,496)	¥25,490	¥ 0	¥ 0	¥25,490
Total assets	¥72,986	¥(47,496)	¥25,490	¥ 0	¥ 0	¥25,490
Derivative liabilities	¥95,686	¥(47,496)	¥48,190	¥(13,653)	¥ (9,425)	¥25,112
Total liabilities	¥95,686	¥(47,496)	¥48,190	¥(13,653)	¥ (9,425)	¥25,112

March 31, 2025

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

	Millions of yen					
	Gross amounts recognized	Gross amounts offset in the consolidated balance sheets	Net amounts presented in the consolidated balance sheets	Gross amounts not offset in the consolidated balance sheets*		Net amount
				Financial instruments	Collateral received/pledged	
	Millions of yen					
	Gross amounts recognized	Gross amounts offset in the consolidated balance sheets	Net amounts presented in the consolidated balance sheets	Gross amounts not offset in the consolidated balance sheets*		Net amount
				Financial instruments	Collateral received/pledged	
Derivative assets	¥64,170	¥(20,495)	¥43,675	¥ 0	¥ (557)	¥43,118
Total assets	¥64,170	¥(20,495)	¥43,675	¥ 0	¥ (557)	¥43,118
Derivative liabilities	¥56,038	¥(20,495)	¥35,543	¥(13,802)	¥(12,777)	¥ 8,964
Total liabilities	¥56,038	¥(20,495)	¥35,543	¥(13,802)	¥(12,777)	¥ 8,964

* The balances related to enforceable master netting agreements or similar agreements which were not offset in the consolidated balance sheets.

29. Significant Concentrations of Credit Risk

The Company and its subsidiaries have established various policies and procedures to manage credit exposure, including initial credit approval, credit limits, collateral and guarantee requirements, obtaining rights of offset and continuous oversight. The Company and its subsidiaries' principal financial instrument portfolio consists of investment in net investment in leases which are secured by title to the leased assets and installment loans which are secured by assets specifically collateralized in relation to loan agreements. When deemed necessary, guarantees are also obtained. The value and adequacy of the collateral are continually monitored. Consequently, the risk of credit loss from counterparties' failure to perform in connection with collateralized financing activities is believed to be minimal. The Company and its subsidiaries have access to collateral in case of bankruptcy and other losses. However, a significant decline in real estate markets could result in a decline in fair value of the collateral real estate below the mortgage setting amount, which would expose the Company and certain subsidiaries to unsecured credit risk.

At March 31, 2024 and 2025, no concentration with a single obligor exceeded 1% of the Company's consolidated total assets. With respect to the Company and its subsidiaries' credit exposures on a geographic basis, ¥7,855 billion, or 69%, at March 31, 2024 and ¥8,343 billion, or 71%, at March 31, 2025 of the credit risks arising from all financial instruments are attributable to customers located in Japan. The largest concentration of credit risk outside of Japan is exposure attributable to obligors located in the Americas. The gross amount of such exposure is ¥1,507 billion and ¥1,389 billion as of March 31, 2024 and 2025, respectively.

The Company and its subsidiaries have transportation equipment such as automobile operations and aircraft. Transportation equipment is mainly recorded in investment in net investment in leases and operating leases. In connection with investment in net investment in leases and operating leases, the percentage of investment in transportation equipment to consolidated total assets is 10.9% and 10.9% as of March 31, 2024 and 2025, respectively.

The Company and its subsidiaries provide consumers with real estate loans. In connection with installment loans, the percentage of real estate loans for consumers to consolidated total assets is 11.9% and 11.6% as of March 31, 2024 and 2025, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

30. Estimated Fair Value of Financial Instruments

The following information is provided to help readers gain an understanding of the relationship between carrying amounts of financial instruments reported in the Company's consolidated balance sheets and the related market or fair value. The disclosures do not include net investment in leases, equity method investments, pension obligations and insurance contracts and reinsurance contracts except for those classified as investment contracts.

March 31, 2024

	Millions of yen				
	Carrying amount	Estimated fair value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	¥1,032,810	¥1,032,810	¥1,032,810	¥ 0	¥ 0
Restricted cash	152,497	152,497	152,497	0	0
Installment loans (net of allowance for credit losses)	3,918,504	3,899,688	0	163,536	3,736,152
Equity securities*1	415,607	415,607	108,964	143,786	162,857
Available-for-sale debt securities	2,665,478	2,665,478	11,491	2,334,690	319,297
Other Assets:					
Time deposits	2,033	2,033	0	2,033	0
Derivative assets*2	25,490	25,490	—	—	—
Reinsurance recoverables (Investment contracts)	4,592	4,550	0	0	4,550
Liabilities:					
Short-term debt	¥ 574,095	¥ 574,095	¥ 0	¥ 574,095	¥ 0
Deposits	2,074,828	2,073,845	0	2,073,845	0
Policy liabilities and Policy account balances (Investment contracts)	122,686	121,966	0	0	121,966
Long-term debt	5,626,376	5,594,888	0	1,769,943	3,824,945
Accounts payable (Contingent consideration)	14,136	14,136	0	0	14,136
Other Liabilities:					
Derivative liabilities*2	48,190	48,190	—	—	—

*1 The amount of ¥85,280 million of investment funds measured at net asset value per share is not included.

*2 It represents the amount after offset under counterparty netting of derivative assets and liabilities. For the information of input level before netting, see Note 2 "Fair Value Measurements."

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

March 31, 2025

	Millions of yen				
	Carrying amount	Estimated fair value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	¥1,206,573	¥1,206,573	¥1,206,573	¥ 0	¥ 0
Restricted cash	115,410	115,410	115,410	0	0
Installment loans (net of allowance for credit losses)	4,043,271	4,018,629	0	42,940	3,975,689
Equity securities*1	418,690	418,690	137,014	119,466	162,210
Available-for-sale debt securities	2,607,637	2,607,637	12,243	2,377,740	217,654
Other Assets:					
Time deposits	1,400	1,400	0	1,400	0
Derivative assets*2	43,675	43,675	—	—	—
Reinsurance recoverables (Investment contracts)	138,441	126,480	0	0	126,480
Liabilities:					
Short-term debt	¥ 549,680	¥ 549,680	¥ 0	¥ 549,680	¥ 0
Deposits	2,280,597	2,279,207	0	2,279,207	0
Policy liabilities and Policy account balances (Investment contracts)	237,702	214,937	0	0	214,937
Long-term debt	5,733,118	5,678,828	0	1,705,485	3,973,343
Accounts payable (Contingent consideration)	15,259	15,259	0	0	15,259
Other Liabilities:					
Derivative liabilities*2	35,543	35,543	—	—	—

*1 The amount of ¥118,666 million of investment funds measured at net asset value per share is not included.

*2 It represents the amount after offset under counterparty netting of derivative assets and liabilities. For the information of input level before netting, see Note 2 “Fair Value Measurements.”

Input level of fair value measurement

If active market prices are available, fair value measurement is based on quoted active market prices and classified as Level 1. If active market prices are not available, fair value measurement is based on observable inputs other than quoted prices included within Level 1 such as quoted market prices of similar assets and classified as Level 2. If market prices are not available and there are no observable inputs, then fair value is estimated by using valuation models including discounted cash flow methodologies, commonly used option-pricing models and broker quotes and classified as Level 3, as the valuation models and broker quotes are based on inputs that are unobservable in the market.

31. Commitments, Guarantees and Contingent Liabilities

Commitments—The Company and certain subsidiaries have unconditional purchase obligation related to lease agreements, having a cost of ¥8,306 million and ¥11,491 million as of March 31, 2024 and 2025, respectively.

Certain computer systems of the Company and certain subsidiaries have been operated and maintained under non-cancelable contracts with third-party service providers. For such services, the Company and certain

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

subsidiaries made payments totaling ¥8,738 million, ¥9,348 million and ¥10,896 million in fiscal 2023, 2024 and 2025, respectively. The longest contract of them will mature in fiscal 2031. As of March 31, 2024 and 2025, the amounts due are as follows:

	<u>Years ending March 31,</u>	<u>2024</u> <u>Millions of yen</u>	<u>2025</u> <u>Millions of yen</u>
2025		6,218	—
2026		3,462	5,809
2027		2,735	4,618
2028		1,704	2,884
2029		52	106
2030		—	51
On or after 2030		1	—
On or after 2031		—	1
Total		<u>¥14,172</u>	<u>¥13,469</u>

The Company and certain subsidiaries have commitments to fund estimated construction costs and so forth to complete ongoing real estate development projects and other commitments, totaling ¥131,948 million and ¥143,120 million as of March 31, 2024 and 2025, respectively.

The Company and certain subsidiaries have agreements to commit to execute loans for customers, and to invest in funds, as long as the agreed-upon terms are met. As of March 31, 2024 and 2025, the total unused credit and capital amount available are ¥366,534 million and ¥437,496 million respectively.

Balance undrawn from the total amount of commitment to be used in accordance with the terms and conditions of relevant agreements to an equity method investee relating to the development of integrated resort was ¥270,168 million as of March 31, 2025. We will execute the amount of commitment depending on changes in circumstances such as the progress of the development.

Guarantees—At the inception of a guarantee, the Company and its subsidiaries recognize a liability in the consolidated balance sheets at fair value for the guarantee that is within the scope of ASC 460 (“Guarantees”). Some of these guarantees, whose contractual obligations cannot be unconditionally cancelled, are in the scope of the Credit Loss Standard and are recognized as other liabilities in the consolidated balance sheets. The following table represents the summary of potential future payments, book value recorded as guarantee liabilities of the guarantee contracts outstanding and maturity of the longest guarantee contracts as of March 31, 2024 and 2025:

	<u>2024</u>			<u>2025</u>		
	<u>Millions of yen</u>		<u>Fiscal year</u> <u>Maturity</u> <u>of the</u> <u>longest</u> <u>contract</u>	<u>Millions of yen</u>		<u>Fiscal year</u> <u>Maturity</u> <u>of the</u> <u>longest</u> <u>contract</u>
	<u>Potential</u> <u>future</u> <u>payment</u>	<u>Book</u> <u>value of</u> <u>guarantee</u> <u>liabilities</u>		<u>Potential</u> <u>future</u> <u>payment</u>	<u>Book</u> <u>value of</u> <u>guarantee</u> <u>liabilities</u>	
Guarantees						
Corporate loans	¥ 608,543	¥4,839	2048	¥ 558,862	¥ 5,223	2031
Transferred loans	519,665	3,405	2062	543,453	6,918	2062
Real estate loans	9,856	180	2048	8,408	135	2048
Other	13,350	0	2044	13,261	0	2044
Total	<u>¥1,151,414</u>	<u>¥8,424</u>	<u>—</u>	<u>¥1,123,984</u>	<u>¥12,276</u>	<u>—</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Guarantee of corporate loans: The Company and certain subsidiaries mainly guarantee corporate loans issued by financial institutions for customers. The Company and the subsidiaries are obliged to pay the outstanding loans when the guaranteed customers fail to pay principal and/or interest in accordance with the contract terms. In some cases, the corporate loans are secured by the guaranteed customers' assets. Once the Company and the subsidiaries assume the guaranteed customers' obligation, the Company and the subsidiaries obtain a right to claim the collateral assets. In other cases, certain contracts that guarantee corporate loans issued by financial institutions for customers include contracts that the amounts of performance guarantee are limited to a certain range of guarantee commissions. As of March 31, 2024 and 2025, total notional amount of the loans subject to such guarantees are ¥484,000 million and ¥469,000 million, respectively, and book value of guarantee liabilities are ¥2,327 million and ¥2,474 million, respectively. The potential future payment amounts for these guarantees are limited to a certain range of the guarantee commissions, which are less than the total notional amounts of the loans subject to these guarantees. The potential future payment amounts for the contract period are calculated from the guarantee limit which is arranged by financial institutions in advance as to contracts that the amounts of performance guarantee are unlimited to a certain range of guarantee commissions. For this reason, the potential future payment amounts for these guarantees include the amount of the guarantee which may occur in the future, which is larger than the balance of guarantee executed as of the end of fiscal year. The executed guarantee balance includes defrayment by financial institutions which we bear temporarily at the time of execution, and credit risk for financial institutions until liquidation of this guarantee. Our substantial amounts of performance guarantee except credit risk for financial institutions are limited to our defrayment which is arranged by financial institutions in advance. In addition, the Company provides re-guarantees for guarantee obligations guaranteed by equity method investees.

Payment or performance risk of the guarantees is considered based on the historical experience of credit events. There have been no significant changes in the payment or performance risk of the guarantees in fiscal 2025.

Guarantee of transferred loans: A subsidiary in the United States is authorized to underwrite, originate, fund, and service multi-family and seniors housing loans without prior approval mainly from Fannie Mae under the Delegated Underwriting and Servicing program and Freddie Mac under the Delegated Underwriting Initiative program. As part of these programs, Fannie Mae and Freddie Mac provide a commitment to purchase the loans.

Under these programs, the subsidiary guarantees the performance of the loans transferred to Fannie Mae and Freddie Mac and has the payment or performance risk of the guarantees to absorb some of the losses when losses arise from the transferred loans. There were no significant changes in the payment or performance risk of these guarantees in fiscal 2025.

As of March 31, 2024 and 2025, the total outstanding principal amount of loans transferred under the Delegated Underwriting and Servicing program, for which the subsidiary guarantees to absorb some of the losses, were ¥2,587,597 million and ¥2,683,671 million, respectively.

Guarantee of real estate loans: The Company and certain subsidiaries guarantee real estate loans for consumers issued by Japanese financial institutions to third party individuals. The Company and the subsidiaries are typically obliged to pay the outstanding loans when these loans become delinquent three months or more. The real estate loans are usually secured by the real properties. Once the Company and the subsidiaries assume the guaranteed parties' obligation, the Company and the subsidiaries obtain a right to claim the collateral assets.

Payment or performance risk of the guarantees is considered based on the historical experience of credit events. There were no significant changes in the payment or performance risk of the guarantees in fiscal 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Other guarantees: Other guarantees include the guarantees to financial institutions and the guarantees derived from collection agency agreements. Pursuant to the contracts of the guarantees to financial institutions, a certain subsidiary pays to the financial institutions when customers of the financial institutions become debtors and default on the debts. Pursuant to the agreements of the guarantees derived from collection agency agreements, the Company and certain subsidiaries collect third parties' debt and pay the uncovered amounts. In addition to the above, joint guarantees for payment obligations of equity method investees are included.

Allowance for off-balance sheet credit exposures—If the entity has a present contractual obligation to extend credit and the obligation is not unconditionally cancelable by the entity, credit losses related the loan commitments of installment loans and financial guarantees are in the scope of the allowance for credit losses. For the loan commitments of installment loans, credit losses are recognized on the loan commitments for the portion expected to be drawn. For financial guarantees, the allowance is recognized for the contingent obligation which generates credit risk exposures. The allowance for off-balance sheet credit exposures is measured using the same measurement methodologies as the allowance for loans and net investment leases, considering quantitative and qualitative factors including historical loss experience, current economic and business conditions and reasonable and supportable forecasts. The allowance for off-balance sheet credit exposure is recorded as other liabilities in the consolidated balance sheets and the allowance were ¥5,116 million and ¥9,766 million as of March 31, 2024 and 2025, respectively. Additionally, the provision for credit losses in the consolidated statements of income in fiscal 2024 was a reversal of ¥440 million, which was mainly caused by the revaluation of past loss experience, current economic and business conditions and forecasts in Japan. The provision for credit losses in the consolidated statements of income in fiscal 2025 was ¥5,297 million, which was mainly due to the deterioration in macroeconomic forecasts in certain markets in the Americas compared with the previous year.

Contingencies—The Company and certain subsidiaries are involved in legal proceedings and claims in the ordinary course of business. In the opinion of management, none of such proceedings and claims will have a significant impact on the Company's financial position or results of operations.

32. Segment Information

The Group CEO, as the Chief Operating Decision Maker ("CODM"), regularly assesses segment performance and allocates management resources by using the amount equivalent to income before income taxes attributable to ORIX Corporation Shareholders of each business segment.

Based on our business management organization which is classified by the nature of major products and services, customer base, regulations, and business areas, our business is organized into ten operating segments: Corporate Financial Services and Maintenance Leasing, Real Estate, PE Investment and Concession, Environment and Energy, Insurance, Banking and Credit, Aircraft and Ships, ORIX USA, ORIX Europe, and Asia and Australia.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

An overview of operations for each of the ten segments follows below.

Corporate Financial Services and Maintenance Leasing	:	Finance and fee business; leasing and rental of automobiles, electronic measuring instruments and ICT-related equipment
Real Estate	:	Real estate development, rental and management; facility operations; real estate asset management
PE Investment and Concession	:	Private equity investment and concession
Environment and Energy	:	Domestic and overseas renewable energy; electric power retailing; ESCO services; sales of solar panels; recycling and waste management
Insurance	:	Life insurance
Banking and Credit	:	Banking and consumer finance
Aircraft and Ships	:	Aircraft investment and management; ship-related finance and investment, maritime asset management and ship brokerage
ORIX USA	:	Finance, investment and asset management in the Americas
ORIX Europe	:	Asset management of global equity and fixed income
Asia and Australia	:	Finance and investment businesses in Asia and Australia

The accounting policies of the segments are almost the same as those described in Note 1 “Significant Accounting and Reporting Policies” except for the treatment of income tax expenses, net income attributable to noncontrolling interests, and net income attributable to redeemable noncontrolling interests. The chief operating decision maker evaluates the performance of the segments based on the amount equivalent to income before income taxes, net income attributable to noncontrolling interests and net income attributable to redeemable noncontrolling interests before the applicable tax effects. Income taxes are not included in segment profits or losses because management evaluates segments’ performance on a pre-tax basis. Most of selling, general and administrative expenses, including compensation costs that are directly related to the revenue generating activities of each segment and excluding the expenses that should be borne by ORIX Group as a whole, have been accumulated by and charged to each segment. Gains and losses that management does not consider for evaluating the performance of the segments, such as certain interest expenses and write-downs of certain long-lived assets and certain foreign exchange gains or losses (included in other (income) and expense) are excluded from the segment profits or losses, and are regarded as corporate items.

Assets attributed to each segment are total assets except for certain cash and head office assets.

Since April 1, 2023, segment profits have been calculated with a broadened scope of profit sharing for inter-segment collaboration. As a result, segment data for fiscal 2023 has been retrospectively reclassified.

Since April 1, 2024, the interest expense allocation method for each segment was changed to include a part of interest expenses in corporate profits (losses) in the reconciliation of segment profits to the condensed consolidated financial statement amounts. As a result, segment data for fiscal 2023 and 2024 have been retrospectively reclassified.

Since April 1, 2024, the scope of segment assets was changed to include cash and cash equivalents, trade notes, accounts and other receivable, and others. As a result, segment data as of the end of fiscal 2023 and 2024 have been retrospectively reclassified.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Segment information for fiscal 2023, 2024 and 2025 is as follows:

	Millions of yen						
	Fiscal Year ended March 31, 2023						
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Finance revenues	¥ 60,133	¥ 5,562	¥ 1,026	¥ 1,230	¥ 300	¥78,066	¥ 7,312
Gains on investment securities and dividends	(519)	(243)	348	22	0	(351)	(1,350)
Operating leases	258,385	55,544	38,653	78	0	0	37,208
Life insurance premiums and related investment income	0	0	0	0	496,561	0	0
Sales of goods and real estate	5,356	96,030	280,361	4,200	0	0	624
Services income	106,542	261,843	55,934	210,240	2,626	7,059	10,871
Total Segment Revenues	429,897	418,736	376,322	215,770	499,487	84,774	54,665
Interest expense	4,661	2,413	2,054	8,063	11	5,181	6,974
Costs of operating leases	186,989	24,895	24,900	19	0	0	16,898
Life insurance costs	0	0	0	0	375,326	0	0
Costs of goods and real estate sold	3,988	80,586	240,942	2,627	0	0	647
Services expense	58,103	230,136	40,900	167,733	0	7,229	2,103
Other (income) and expense*	17,275	(627)	2,193	(194)	(3)	(318)	(4,024)
Selling, general and administrative expenses	83,811	36,643	56,449	16,276	60,815	33,351	10,369
Provision for credit losses, and write- downs of long-lived assets and securities	1,107	1,785	195	50	(1)	716	1
Total Segment Expenses	355,934	375,831	367,633	194,574	436,148	46,159	32,968
Equity in Net income (Loss) of equity method investments and others	2,776	9,627	(5,530)	15,977	5	(488)	8,789
Segment Profits	76,739	52,532	3,159	37,173	63,344	38,127	30,486
Significant non-cash items:							
Depreciation and amortization	149,545	16,613	22,649	22,486	18,628	1,402	16,257
Increase in policy liabilities and policy account balances	0	0	0	0	89,915	0	0
Bargain purchase gain	0	0	58	1,018	0	0	98
Impairment of goodwill and intangible assets	1	0	0	0	0	0	405
Expenditures for long-lived assets	164,257	84,874	16,893	74,972	453	167	104,006

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

	Millions of yen			
	Fiscal Year ended March 31, 2023			
	ORIX USA	ORIX Europe	Asia and Australia	Total
Finance revenues	¥106,875	¥ 812	¥ 59,933	¥ 321,249
Gains on investment securities and dividends	29,209	(1,349)	1,574	27,341
Operating leases	426	0	104,614	494,908
Life insurance premiums and related investment income	0	0	0	496,561
Sales of goods and real estate	2,034	0	1,698	390,303
Services income	47,345	207,829	20,613	930,902
Total Segment Revenues	185,889	207,292	188,432	2,661,264
Interest expense	34,056	506	23,088	87,007
Costs of operating leases	216	0	78,950	332,867
Life insurance costs	0	0	0	375,326
Costs of goods and real estate sold	1,161	0	1,673	331,624
Services expense	4,871	48,921	12,214	572,210
Other (income) and expense*	2,447	609	147	17,505
Selling, general and administrative expenses	85,515	112,129	37,844	533,202
Provision for credit losses, and write-downs of long-lived assets and securities	4,741	0	2,601	11,195
Total Segment Expenses	133,007	162,165	156,517	2,260,936
Equity in Net income (Loss) of equity method investments and others	5,726	(641)	11,941	48,182
Segment Profits	58,608	44,486	43,856	448,510
Significant non-cash items:				
Depreciation and amortization	3,023	6,619	75,867	333,089
Increase in policy liabilities and policy account balances	0	0	0	89,915
Bargain purchase gain	0	0	0	1,174
Impairment of goodwill and intangible assets	109	0	0	515
Expenditures for long-lived assets	2,906	668	154,174	603,370

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

	Millions of yen						
	Fiscal Year ended March 31, 2024						
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Finance revenues	¥ 61,428	¥ 6,134	¥ 6,679	¥ 1,478	¥ 300	¥80,653	¥ 7,769
Gains on investment securities and dividends	2,626	857	1,207	1,784	0	600	(130)
Operating leases	266,871	50,205	41,529	79	0	0	48,074
Life insurance premiums and related investment income	0	0	0	0	561,533	0	0
Sales of goods and real estate	3,934	111,013	249,085	3,771	0	0	97
Services income	110,100	303,483	80,668	158,486	2,036	7,321	9,381
Total Segment Revenues	444,959	471,692	379,168	165,598	563,869	88,574	65,191
Interest expense	5,418	3,016	2,978	11,093	14	5,302	11,596
Costs of operating leases	192,850	24,972	26,244	18	0	0	18,853
Life insurance costs	0	0	0	0	433,827	0	0
Costs of goods and real estate sold	3,234	90,931	168,404	2,236	0	0	96
Services expense	58,896	248,195	58,677	110,106	0	6,254	1,783
Other (income) and expense*	14,896	722	(2,330)	(4,633)	98	(306)	(3,600)
Selling, general and administrative expenses	88,621	41,542	89,864	18,670	59,309	32,886	10,345
Provision for credit losses, and write- downs of long-lived assets and securities	960	1,285	366	151	(2)	4,064	3
Total Segment Expenses	364,875	410,663	344,203	137,641	493,246	48,200	39,076
Equity in Net income (Loss) of equity method investments and others	3,160	6,026	9,002	10,115	203	56,979	18,251
Segment Profits	83,244	67,055	43,967	38,072	70,826	97,353	44,366
Significant non-cash items:							
Depreciation and amortization	153,208	18,376	26,644	23,975	17,138	1,821	20,366
Increase in policy liabilities and policy account balances	0	0	0	0	186,193	0	0
Bargain purchase gain	0	0	0	0	0	0	0
Impairment of goodwill and intangible assets	0	0	0	0	0	0	0
Expenditures for long-lived assets	184,794	57,828	20,345	54,959	350	12	174,525

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

	Millions of yen			
	Fiscal Year ended March 31, 2024			
	ORIX USA	ORIX Europe	Asia and Australia	Total
Finance revenues	¥112,545	¥ 2,409	¥ 70,836	¥ 350,231
Gains on investment securities and dividends	6,446	10,711	7,885	31,986
Operating leases	1,225	0	122,624	530,607
Life insurance premiums and related investment income	0	0	0	561,533
Sales of goods and real estate	602	0	425	368,927
Services income	52,608	214,031	23,523	961,637
Total Segment Revenues	<u>173,426</u>	<u>227,151</u>	<u>225,293</u>	<u>2,804,921</u>
Interest expense	47,466	289	35,737	122,909
Costs of operating leases	547	0	90,336	353,820
Life insurance costs	0	0	0	433,827
Costs of goods and real estate sold	310	0	400	265,611
Services expense	4,331	54,224	15,039	557,505
Other (income) and expense*	(2,078)	2,666	(1,490)	3,945
Selling, general and administrative expenses	85,483	130,496	41,558	598,774
Provision for credit losses, and write-downs of long-lived assets and securities	7,937	217	8,027	23,008
Total Segment Expenses	<u>143,996</u>	<u>187,892</u>	<u>189,607</u>	<u>2,359,399</u>
Equity in Net income (Loss) of equity method investments and others	(1,499)	2,379	11,383	115,999
Segment Profits	<u>27,931</u>	<u>41,638</u>	<u>47,069</u>	<u>561,521</u>
Significant non-cash items:				
Depreciation and amortization	2,872	7,003	87,422	358,825
Increase in policy liabilities and policy account balances	0	0	0	186,193
Bargain purchase gain	0	0	0	0
Impairment of goodwill and intangible assets	0	0	0	0
Expenditures for long-lived assets	184	388	171,184	664,569

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

	Millions of yen						
	Fiscal Year ended March 31, 2025						
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Finance revenues	¥ 63,271	¥ 4,860	¥ 12,140	¥ 1,402	¥ 280	¥60,290	¥ 5,769
Gains on investment securities and dividends	2,647	1,282	851	3,128	0	100	(24)
Operating leases	282,433	61,321	42,698	79	0	0	96,856
Life insurance premiums and related investment income	0	0	0	0	518,084	0	0
Sales of goods and real estate	4,202	107,859	252,969	3,307	0	0	852
Services income	108,146	322,458	69,273	178,105	(1)	2,914	16,139
Total Segment Revenues	460,699	497,780	377,931	186,021	518,363	63,304	119,592
Interest expense	7,306	2,616	3,833	13,170	256	7,184	20,159
Costs of operating leases	201,286	24,167	26,389	18	0	0	40,986
Life insurance costs	0	0	0	0	384,910	0	0
Costs of goods and real estate sold	3,335	89,593	173,652	1,786	0	0	864
Services expense	57,372	264,952	48,890	136,118	0	7,590	6,724
Other (income) and expense*	18,305	1,664	10,622	446	(110)	40	68
Selling, general and administrative expenses	89,599	43,405	88,370	22,582	58,904	20,822	11,967
Provision for credit losses, and write- downs of long-lived assets and securities	2,199	3,098	1,743	20,573	4	(176)	3
Total Segment Expenses	379,402	429,495	353,499	194,693	443,964	35,460	80,771
Equity in Net income (Loss) of equity method investments and others	9,032	2,256	74,440	3,749	(0)	1,447	28,599
Segment Profits	90,329	70,541	98,872	(4,923)	74,399	29,291	67,420
Significant non-cash items:							
Depreciation and amortization	158,166	18,992	25,053	33,457	24,219	571	30,808
Increase in policy liabilities and policy account balances	0	0	0	0	268,258	0	0
Bargain purchase gain	0	0	0	0	0	0	0
Impairment of goodwill and intangible assets	0	0	11,149	0	0	0	0
Expenditures for long-lived assets	211,006	78,824	14,594	50,720	116	20	300,251

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

	Millions of yen			
	Fiscal Year ended March 31, 2025			
	ORIX USA	ORIX Europe	Asia and Australia	Total
Finance revenues	¥102,627	¥ 4,077	¥ 74,961	¥ 329,677
Gains on investment securities and dividends	119	4,408	1,933	14,444
Operating leases	861	0	135,169	619,417
Life insurance premiums and related investment income	0	0	0	518,084
Sales of goods and real estate	543	0	751	370,483
Services income	50,078	248,782	23,406	1,019,300
Total Segment Revenues	<u>154,228</u>	<u>257,267</u>	<u>236,220</u>	<u>2,871,405</u>
Interest expense	40,016	665	41,761	136,966
Costs of operating leases	1,496	0	97,249	391,591
Life insurance costs	0	0	0	384,910
Costs of goods and real estate sold	307	0	684	270,221
Services expense	2,823	66,446	14,710	605,625
Other (income) and expense*	(3,382)	4,231	(5,654)	26,230
Selling, general and administrative expenses	95,406	138,859	44,342	614,256
Provision for credit losses, and write-downs of long-lived assets and securities	7,669	115	9,983	45,211
Total Segment Expenses	<u>144,335</u>	<u>210,316</u>	<u>203,075</u>	<u>2,475,010</u>
Equity in Net income (Loss) of equity method investments and others	30,022	(2,578)	1,306	148,273
Segment Profits	<u>39,915</u>	<u>44,373</u>	<u>34,451</u>	<u>544,668</u>
Significant non-cash items:				
Depreciation and amortization	2,687	6,234	93,705	393,892
Increase in policy liabilities and policy account balances	0	0	0	268,258
Bargain purchase gain	0	0	3,750	3,750
Impairment of goodwill and intangible assets	1,175	1,971	0	14,295
Expenditures for long-lived assets	2,326	1,143	177,320	836,320

* “Other (income) and expense” includes items such as expenses of taxes and insurance premiums related to finance leases, impairment losses on goodwill and other intangible assets, gains and losses on derivatives, and foreign exchange gains and losses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Segment information as of March 31, 2023, 2024 and 2025 is as follows:

	Millions of yen						
	As of March 31, 2023						
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Net investment in leases	¥ 566,010	¥ 57,587	¥ 1,616	¥ 6,723	¥ 0	¥ 0	¥ 0
Installment loans	338,361	0	14,225	2,138	18,109	2,395,340	75,914
Investment in operating leases . . .	511,184	302,698	52,976	264	27,467	0	295,858
Investment in securities	34,270	3,894	36,058	1,580	1,982,573	289,621	5,112
Property under facility operations and servicing assets	18,908	170,425	51,978	362,043	0	0	0
Inventories	1,104	108,789	48,716	9,825	0	9	37
Advances for finance lease and operating lease	1,566	112,973	4	1	0	0	0
Equity method investments	13,416	117,040	28,796	188,436	17,577	2,006	347,508
Advances for property under facility operations	0	6,625	2,354	88,493	0	0	0
Goodwill, intangible assets acquired in business combinations	29,251	54,996	368,748	114,114	4,686	11,771	18,461
Other assets	249,897	114,153	264,395	115,912	595,793	255,038	66,053
Segment Assets	1,763,967	1,049,180	869,866	889,529	2,646,205	2,953,785	808,943

	Millions of yen			
	As of March 31, 2023			
	ORIX USA	ORIX Europe	Asia and Australia	Total
Net investment in leases	¥ 483	¥ 0	¥ 454,961	¥ 1,087,380
Installment loans	747,783	0	312,809	3,904,679
Investment in operating leases	3,612	0	329,549	1,523,608
Investment in securities	384,082	76,648	36,444	2,850,282
Property under facility operations and servicing assets	81,291	0	1,184	685,829
Inventories	142	0	202	168,824
Advances for finance lease and operating lease	0	0	3,720	118,264
Equity method investments	87,513	10,213	249,481	1,061,986
Advances for property under facility operations	0	0	0	97,472
Goodwill, intangible assets acquired in business combinations	157,811	331,080	6,746	1,097,664
Other assets	162,167	194,943	89,473	2,107,824
Segment Assets	1,624,884	612,884	1,484,569	14,703,812

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Millions of yen							
As of March 31, 2024							
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Net investment in leases	¥ 567,735	¥ 51,978	¥ 1,238	¥ 3,104	¥ 0	¥ 0	¥ 0
Installment loans	346,840	52	115,629	2,255	11,792	2,378,183	60,468
Investment in operating leases . . .	535,655	278,191	56,286	250	26,876	0	557,867
Investment in securities	36,683	4,036	36,729	571	2,236,495	311,237	11,960
Property under facility operations and servicing assets	17,404	165,387	41,416	453,252	0	0	0
Inventories	928	174,990	47,553	2,463	0	0	733
Advances for finance lease and operating lease	3,400	114,649	5	0	0	0	9,232
Equity method investments	14,984	143,751	118,310	219,018	29,742	43,601	399,061
Advances for property under facility operations	0	8,183	4,466	44,962	0	0	0
Goodwill, intangible assets acquired in business combinations	28,693	52,898	351,202	121,174	4,452	0	19,114
Other assets	224,998	115,972	293,813	129,385	612,570	201,196	111,206
Segment Assets	1,777,320	1,110,087	1,066,647	976,434	2,921,927	2,934,217	1,169,641

Millions of yen				
As of March 31, 2024				
	ORIX USA	ORIX Europe	Asia and Australia	Total
Net investment in leases	¥ 505	¥ 0	¥ 530,426	¥ 1,154,986
Installment loans	699,384	0	343,936	3,958,539
Investment in operating leases	9,858	0	395,573	1,860,556
Investment in securities	509,172	82,568	33,520	3,262,971
Property under facility operations and servicing assets	79,747	0	1,849	759,055
Inventories	159	0	224	227,050
Advances for finance lease and operating lease	0	0	3,017	130,303
Equity method investments	61,415	11,907	271,682	1,313,471
Advances for property under facility operations	0	0	0	57,611
Goodwill, intangible assets acquired in business combinations	176,785	364,773	7,313	1,126,404
Other assets	157,459	202,891	121,693	2,171,183
Segment Assets	1,694,484	662,139	1,709,233	16,022,129

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Millions of yen							
As of March 31, 2025							
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Net investment in leases	¥ 569,380	¥ 45,810	¥ 1,640	¥ 2,092	¥ 0	¥ 0	¥ 0
Installment loans	424,370	30	124,411	3,609	12,805	2,511,736	36,119
Investment in operating leases . . .	557,625	311,377	46,796	237	26,167	0	599,813
Investment in securities	29,690	6,209	6,117	32,032	2,234,453	305,441	9,387
Property under facility operations and servicing assets	43,857	175,153	53,832	487,241	0	0	28
Inventories	433	182,652	41,021	2,551	0	0	1,588
Advances for finance lease and operating lease	6,177	78,044	3	0	0	0	27,816
Equity method investments	16,375	177,956	148,274	170,946	35,865	43,934	402,567
Advances for property under facility operations	143	7,401	728	70,081	0	0	0
Goodwill, intangible assets acquired in business combinations	25,268	50,801	331,003	120,743	4,452	0	43,024
Other assets	211,247	122,860	269,119	126,643	695,492	283,460	111,631
Segment Assets	1,884,565	1,158,293	1,022,944	1,016,175	3,009,234	3,144,571	1,231,973

Millions of yen				
As of March 31, 2025				
	ORIX USA	ORIX Europe	Asia and Australia	Total
Net investment in leases	¥ 451	¥ 0	¥ 547,966	¥ 1,167,339
Installment loans	652,805	0	315,128	4,081,013
Investment in operating leases	21,260	0	394,764	1,958,039
Investment in securities	487,022	86,008	37,768	3,234,127
Property under facility operations and servicing assets	76,469	0	1,844	838,424
Inventories	137	0	615	228,997
Advances for finance lease and operating lease	0	0	4,833	116,873
Equity method investments	54,817	8,578	260,395	1,319,707
Advances for property under facility operations	0	0	51	78,404
Goodwill, intangible assets acquired in business combinations	171,884	354,801	6,986	1,108,962
Other assets	129,094	219,919	155,277	2,324,742
Segment Assets	1,593,939	669,306	1,725,627	16,456,627

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The reconciliation of segment totals to consolidated financial statement amounts is as follows:

Significant items to be reconciled are segment revenues, segment profits and segment assets. Other items do not have a significant difference between segment amounts and consolidated amounts.

	Millions of yen		
	2023	2024	2025
Segment revenues:			
Total revenues for segments	¥ 2,661,264	¥ 2,804,921	¥ 2,871,405
Revenues related to corporate assets	51,993	64,922	64,628
Revenues from inter-segment transactions	(49,598)	(55,482)	(61,212)
Total consolidated revenues	<u>¥ 2,663,659</u>	<u>¥ 2,814,361</u>	<u>¥ 2,874,821</u>
Segment profits:			
Total segment profits	¥ 448,510	¥ 561,521	¥ 544,668
Corporate losses	(64,337)	(84,644)	(64,475)
Net income attributable to the noncontrolling interests and net income attributable to the redeemable noncontrolling interests	8,005	(6,902)	270
Total consolidated income before income taxes	<u>¥ 392,178</u>	<u>¥ 469,975</u>	<u>¥ 480,463</u>
Segment assets:			
Total segment assets	¥14,703,812	¥16,022,129	¥16,456,627
Corporate assets	2,760,471	2,307,313	2,494,395
Assets from inter-segment transactions	(2,174,898)	(2,007,342)	(2,084,771)
Total consolidated assets	<u>¥15,289,385</u>	<u>¥16,322,100</u>	<u>¥16,866,251</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following information represents geographical revenues and income before income taxes, which are attributed to geographic areas, based on the country location of the Company and its subsidiaries.

Millions of yen				
Fiscal Year ended March 31, 2023				
	Japan	The Americas*1	Other*2	Total
Total Revenues	¥2,006,639	¥258,792	¥ 398,228	¥2,663,659
Income before Income Taxes	183,848	85,083	123,247	392,178
Long-lived assets	1,692,474	34,553	849,419	2,576,446
Millions of yen				
Fiscal Year ended March 31, 2024				
	Japan	The Americas*1	Other*2	Total
Total Revenues	¥2,097,360	¥263,090	¥ 453,911	¥2,814,361
Income before Income Taxes	298,699	39,104	132,172	469,975
Long-lived assets	1,855,252	34,661	1,041,338	2,931,251
Millions of yen				
Fiscal Year ended March 31, 2025				
	Japan	The Americas*1	Other*2	Total
Total Revenues	¥2,125,234	¥270,100	¥ 479,487	¥2,874,821
Income before Income Taxes	302,628	68,154	109,681	480,463
Long-lived assets	1,849,310	43,124	1,185,989	3,078,423

*1 Mainly the United States

*2 Mainly Asia, Europe and Australasia

No single customer accounted for 10% or more of the Company's total revenues for fiscal 2023, 2024 and 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

The following information represents disaggregation of revenues for revenues from contracts with customers, by goods or services category and geographical location.

Millions of yen							
Fiscal Year ended March 31, 2023							
Reportable segments							
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Goods or services category							
Sales of goods	¥ 5,356	¥ 3,373	¥280,361	¥ 4,200	¥ 0	¥ 0	¥ 624
Real estate sales	0	92,657	0	0	0	0	0
Asset management and servicing	326	7,807	0	214	0	482	66
Automobile related services	63,414	0	0	248	0	0	0
Facilities operation	0	55,231	0	0	0	0	0
Environment and energy services	3,023	40	84	207,037	0	0	0
Real estate management and brokerage	0	100,137	0	0	0	0	0
Real estate contract work	0	96,509	24,105	0	0	0	0
Other	39,779	1,243	31,745	834	2,626	6,577	10,805
Total revenues from contracts with customers	111,898	356,997	336,295	212,533	2,626	7,059	11,495
Other revenues *	317,999	61,739	40,027	3,237	496,861	77,715	43,170
Segment revenues/Total revenues	¥429,897	¥418,736	¥376,322	¥215,770	¥499,487	¥ 84,774	¥ 54,665

Millions of yen							
Fiscal Year ended March 31, 2023							
	Reportable segments				Corporate revenue and intersegment transactions	Total revenues	
	ORIX USA	ORIX Europe	Asia and Australia	Total			
Goods or services category							
Sales of goods	¥ 2,023	¥ 0	¥ 1,698	¥ 297,635	¥ 2,266	¥ 299,901	
Real estate sales	11	0	0	92,668	0	92,668	
Asset management and servicing	22,900	207,679	9	239,483	(251)	239,232	
Automobile related services	0	0	18,763	82,425	3	82,428	
Facilities operation	0	0	0	55,231	1,000	56,231	
Environment and energy services	1,433	0	0	211,617	(1,968)	209,649	
Real estate management and brokerage	0	0	0	100,137	(1,544)	98,593	
Real estate contract work	0	0	0	120,614	(235)	120,379	
Other	6,649	150	1,633	102,041	2,243	104,284	
Total revenues from contracts with customers	33,016	207,829	22,103	1,301,851	1,514	1,303,365	
Other revenues *	152,873	(537)	166,329	1,359,413	881	1,360,294	
Segment revenues/Total revenues	¥185,889	¥207,292	¥188,432	¥2,661,264	¥ 2,395	¥2,663,659	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Millions of yen							
Fiscal Year ended March 31, 2024							
Reportable segments							
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Goods or services category							
Sales of goods	¥ 3,934	¥ 3,536	¥249,085	¥ 3,771	¥ 0	¥ 0	¥ 97
Real estate sales	0	107,477	0	0	0	0	0
Asset management and servicing	318	9,662	0	(6)	0	615	53
Automobile related services	65,942	0	0	239	0	0	0
Facilities operation	0	74,989	0	0	0	0	0
Environment and energy services	2,958	41	83	155,838	0	0	0
Real estate management and brokerage	0	101,229	0	0	0	0	0
Real estate contract work	0	104,875	47,233	0	0	0	0
Other	40,882	1,482	33,371	770	2,036	6,706	9,328
Total revenues from contracts with customers	114,034	403,291	329,772	160,612	2,036	7,321	9,478
Other revenues *	330,925	68,401	49,396	4,986	561,833	81,253	55,713
Segment revenues/Total revenues	¥444,959	¥471,692	¥379,168	¥165,598	¥563,869	¥ 88,574	¥ 65,191

Millions of yen							
Fiscal Year ended March 31, 2024							
	Reportable segments				Corporate revenue and intersegment transactions	Total revenues	
	ORIX USA	ORIX Europe	Asia and Australia	Total			
Goods or services category							
Sales of goods	¥ 555	¥ 0	¥ 425	¥ 261,403	¥ 4,987	¥ 266,390	
Real estate sales	47	0	0	107,524	0	107,524	
Asset management and servicing	20,157	213,908	44	244,751	(243)	244,508	
Automobile related services	0	0	22,141	88,322	3	88,325	
Facilities operation	0	0	0	74,989	1,098	76,087	
Environment and energy services	637	0	0	159,557	(1,482)	158,075	
Real estate management and brokerage	0	0	0	101,229	(1,386)	99,843	
Real estate contract work	0	0	0	152,108	(86)	152,022	
Other	5,739	123	1,285	101,722	5,469	107,191	
Total revenues from contracts with customers	27,135	214,031	23,895	1,291,605	8,360	1,299,965	
Other revenues *	146,291	13,120	201,398	1,513,316	1,080	1,514,396	
Segment revenues/Total revenues	¥173,426	¥227,151	¥225,293	¥2,804,921	¥ 9,440	¥2,814,361	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

Millions of yen								
Fiscal Year ended March 31, 2025								
Reportable segments								
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships	
Goods or services category								
Sales of goods	¥ 4,202	¥ 3,754	¥252,969	¥ 3,307	¥ 0	¥ 0	¥ 852	
Real estate sales	0	104,105	0	0	0	0	0	
Asset management and servicing	418	8,958	0	24	0	0	38	
Automobile related services	65,250	0	0	196	0	0	0	
Facilities operation	0	82,153	0	0	0	0	0	
Environment and energy services	3,013	39	78	173,831	0	0	0	
Real estate management and brokerage	0	103,831	0	0	0	0	0	
Real estate contract work	574	115,437	50,880	0	0	0	0	
Other	38,891	1,530	18,315	863	(1)	2,914	16,101	
Total revenues from contracts with customers	112,348	419,807	322,242	178,221	(1)	2,914	16,991	
Other revenues *	348,351	77,973	55,689	7,800	518,364	60,390	102,601	
Segment revenues/Total revenues	¥460,699	¥497,780	¥377,931	¥186,021	¥518,363	¥63,304	¥119,592	

Millions of yen							
Fiscal Year ended March 31, 2025							
	Reportable segments				Corporate revenue and intersegment transactions	Total revenues	
	ORIX USA	ORIX Europe	Asia and Australia	Total			
Goods or services category							
Sales of goods	¥ 543	¥ 0	¥ 751	¥ 266,378	¥ 2,672	¥ 269,050	
Real estate sales	0	0	0	104,105	0	104,105	
Asset management and servicing	17,901	248,664	172	276,175	(246)	275,929	
Automobile related services	0	0	21,737	87,183	(10)	87,173	
Facilities operation	0	0	0	82,153	1,406	83,559	
Environment and energy services	0	0	0	176,961	(1,310)	175,651	
Real estate management and brokerage	0	0	0	103,831	(1,462)	102,369	
Real estate contract work	0	0	0	166,891	(3,970)	162,921	
Other	5,920	118	1,280	85,931	5,575	91,506	
Total revenues from contracts with customers	24,364	248,782	23,940	1,349,608	2,655	1,352,263	
Other revenues *	129,864	8,485	212,280	1,521,797	761	1,522,558	
Segment revenues/Total revenues	¥154,228	¥257,267	¥236,220	¥2,871,405	¥ 3,416	¥2,874,821	

* Other revenues include revenues that are not in the scope of revenue from contracts with customers, such as life insurance premiums and related investment income, operating leases, finance revenues that include interest income, and others.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ORIX Corporation and Subsidiaries

33. Subsequent Events

On May 12, 2025, the Company's Board of Directors has passed a resolution approving the matters required under Article 156, Paragraph 1 of the Companies Act for the repurchase of its own shares for capital efficiency and shareholder returns, pursuant to Articles 34 of the Articles of Incorporation, which is in accordance with Article 459, Paragraph 1 of the Companies Act.

Details of Share Repurchase

- Class of shares to be repurchased: Common shares
- Total number of shares: Up to 40,000,000 shares
(approximately 3.5% of the total outstanding shares (excluding treasury shares))
- Total purchase price of shares to be repurchased: Up to 100 billion yen
- Repurchase period: From May 19, 2025 to March 31, 2026
- Method of share repurchase: Market purchases based on the discretionary dealing contract regarding repurchase of own shares

Schedule II.—Valuation and Qualifying Accounts and Reserves
ORIX Corporation and Subsidiaries

Millions of yen						
Year Ended March 31, 2023						
Description	Balance at beginning of period	Acquisitions	Addition: Charged to costs and expenses	Deduction	Translation adjustment	Balance at end of period
Restructuring cost:						
Severance and other benefits to terminated employees	¥ 2,850	¥ 0	¥ 0	¥ (2,373)	¥ 3	¥ 480
Total	¥ 2,850	¥ 0	¥ 0	¥ (2,373)	¥ 3	¥ 480
Millions of yen						
Year Ended March 31, 2024						
Description	Balance at beginning of period	Acquisitions	Addition: Charged to costs and expenses	Deduction	Translation adjustment	Balance at end of period
Restructuring cost:						
Closed office lease obligations	¥ 0	¥ 0	¥ 23	¥ 0	¥ 0	¥ 23
Severance and other benefits to terminated employees	¥ 480	¥ 0	¥ 122	¥ (480)	¥ 0	¥ 122
Total	¥ 480	¥ 0	¥ 145	¥ (480)	¥ 0	¥ 145
Millions of yen						
Year Ended March 31, 2025						
Description	Balance at beginning of period	Acquisitions	Addition: Charged to costs and expenses	Deduction	Translation adjustment	Balance at end of period
Restructuring cost:						
Closed office lease obligations	¥ 23	¥ 0	¥ 49	¥ (23)	¥ 0	¥ 49
Severance and other benefits to terminated employees	¥ 122	¥ 0	¥ 0	¥ (122)	¥ 0	¥ 0
Total	¥ 145	¥ 0	¥ 49	¥ (145)	¥ 0	¥ 49
Millions of yen						
Description	Balance at beginning of period	Acquisitions	Addition: Charged to costs and expenses	Deduction*1	Other*2	Balance at end of period
Deferred tax assets:						
Valuation allowance						
Year ended March 31, 2023	¥35,155	¥143	¥ 4,123	¥ (2,814)	¥ 680	¥37,287
Year ended March 31, 2024	¥37,287	¥ 0	¥12,714	¥(12,233)	¥1,278	¥39,046
Year ended March 31, 2025	¥39,046	¥ 0	¥ 8,481	¥(15,572)	¥3,890	¥35,845

*1 The amount of deduction includes benefits recognized in income tax expense, expiration of loss carryforwards and sales of subsidiaries. The amounts of benefits recognized in earnings due to the utilization of net operation loss carry forwards were ¥1,465 million in fiscal 2023, ¥3,660 million in fiscal 2024 and ¥3,380 million in fiscal 2025. The remaining amounts of benefits recognized in earnings were ¥125 million in fiscal 2023, ¥3,613 million in fiscal 2024 and ¥3,128 million in fiscal 2025.

*2 The amount of other includes, among others, translation adjustment and the effect of changes in statutory tax rate.

ORIX CORPORATION SHARES, ETC. HANDLING REGULATIONS

Chapter I. General Provisions

1.1 Purpose

The purpose of these Regulations is to set forth the procedures for handling ORIX shares and stock acquisition rights including procedures for exercising shareholder's rights pursuant to the Articles of Incorporation. The matters prescribed by JASDEC and Securities Companies as well as these Regulations shall also be observed.

1.2 Scope of Application

These Regulations shall apply to ORIX and its Shareholders and proxies.

1.3 Definition

The terms listed in the following items shall have the following meanings in these Regulations:

- (1) "Request for Sale" means an act in which a shareholder who holds shares less than one Unit requests the Company to sell the number of shares which would make one Unit by combining with the shares less than one Unit held by such shareholder.
- (2) "Shareholders" means shareholders and registered share pledgees.
- (3) "JASDEC" means Japan Securities Depository Center, Incorporated.
- (4) "TOB Notification" means TOB notification as provided in Article 27-3 of the Financial Instruments and Exchange Law (including Correction Report as provided in Article 27-8 thereof).
- (5) "Notification of Individual Shareholder" means notification provided in Article 154, Paragraph 3 of the Law on Transfer of Bonds and Shares, Etc.
- (6) "Securities Companies" means account management institutions such as securities companies, banks or trust banks at which shareholders of the Company have their transfer accounts.
- (7) "Proof" means proof showing that when a Shareholder (including a shareholder who has made a Notification of Individual Shareholder) makes a Request, the Request was made by such Shareholder.
- (8) "Paper-Based Document Delivery Request" means a request for the delivery of paper-based documents of the reference documents for the General Meeting of Shareholders and other items for which measures for providing information in electronic format are to be taken as provided in Article 325-5, Paragraph 1 of the Companies Act.
- (9) "Request" means an act in which a Shareholder (including a shareholder who has made a Notification of Individual Shareholder) makes a request or exercises any other shareholder's right.
- (10) "LVHR" means a large volume holding report as provided in Article 27-23 of the Financial Instruments and Exchange Law (including a Change Report as provided in Article 27-25).
- (11) "Sale and Purchase Report" means a report provided in Article 163 of the Financial Instruments and Exchange Law.
- (12) "Transfer Law" means the Law on Transfer of Bonds and Shares, Etc.
- (13) "These Regulations" means the SHARES, ETC. HANDLING REGULATIONS.

1.4 Administrator of the Register of Shareholders

ORIX's Administrator of the Register of Shareholders and Handling Office of such Administrator shall be as follows:

- (1) Administrator of the Register of Shareholders:
Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
- (2) Handling Office of Administrator of the Register of Shareholders:
Corporate Agency Department of Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Chapter II. Recordation, etc. on Register of Shareholders

2.1 Recordation on the Register of Shareholders

2.1.1 Change to the Matters Recorded in the Register of Shareholders

Change to the matters recorded in the Register of Shareholders shall be made upon notification from JASDEC such as “Notification of All Shareholders” (Sokabunushi-tsuchi) (excluding Notification of Individual Shareholder).

2.1.2 Other Changes

In addition to the preceding paragraph, changes to matters recorded in the Register of Shareholders shall be made without notification from JASDEC if the Company is issuing new shares or otherwise as specified by laws and regulations.

2.1.3 Characters and Symbols in Use

The Register of Shareholders shall be recorded in the characters and symbols designated by JASDEC.

2.2 Notifications Related to Matters Recorded in the Register of Shareholders

Shareholders shall notify the Company of their names and addresses through the Securities Companies and JASDEC, as required by JASDEC. The same shall apply to any changes thereof.

2.3 Representative of Corporate Shareholders

In the event that a Shareholder is a corporation, such corporation shall notify the Company of one (1) representative through the Securities Companies and JASDEC, as required by the JASDEC. The same shall apply to any changes to such representative.

2.4 Representative of Joint Shareholders

Shareholders who jointly own shares shall appoint one (1) representative and notify the Company of the name and address of such representative through the Securities Companies and JASDEC, as required by JASDEC. The same shall apply to the any changes to such representative.

2.5 Legal Representatives

Legal Representatives of Shareholders such as persons having parental authority or guardians shall notify the Company of their names and addresses through the Securities Companies and JASDEC, as required by JASDEC. The same shall apply to any changes to or any discharges to such Legal Representatives.

2.6 Notifications of Mailing Addresses for Receipt of Notices by Shareholder Residing in Foreign Countries, Etc.

Shareholders, or their Legal Representatives residing in foreign countries shall appoint a Standing Proxy who is resident in Japan or designate a mailing address in Japan to receive notices. Such shareholders or their Legal Representatives shall notify the Company of the names and addresses of the Standing Proxy or the mailing address for receipt of notices through the Securities Companies and JASDEC, as required by JASDEC. The same shall apply to any changes to or any discharges to such Standing Proxy or mailing address.

2.7 Other Notifications

The Handling Office of Administrator of the Register of Shareholders as provided in Article 1.4 (Administrator of the Register of Shareholders) of these Regulations shall be notified of any notifications unable to be accepted or liaised by the Securities Companies or JASDEC.

2.8 Verification Method through JASDEC

In the event that notification from Shareholders, Legal Representatives of Shareholders, and Standing Proxy of Shareholders to ORIX is made through the Securities Companies and JASDEC, such notification shall be deemed to be made from respective parties and principals who originally made the notification.

2.9 Entry to or Recordation, Etc. on Register of Stock Acquisition Rights

2.9.1 Request for Entry to or Recordation

A request for entry to or recordation on the Register of Stock Acquisition Rights (including registration, transfer or deletion of the pledge, and indication or deletion of trust asset for Stock Acquisition Rights) shall be submitted to the Administrator of the Register of Shareholders.

2.9.2 Other Handling

In addition to the preceding paragraph, handling of Stock Acquisition Rights may be provided separately.

2.10 Matters to be Notified for Stock Acquisition Rights Holder, Etc.

With regard to the matters to be notified and notification method for entry to or recordation on ORIX's Register of Stock Acquisition Rights, the provisions of Article 2.2 (Notifications Related to Matters Recorded in the Register of Shareholders) of these Regulations through Article 2.6 (Notifications of Mailing Addresses for Receipt of Notices by Shareholder Residing in Foreign Countries, Etc.) hereof shall be applied mutatis mutandis. Provided, however, that unless otherwise separately provided under Article 2.9.2 (Other Handling) hereof, notifications shall be made to the attention of the Administrator of the Register of Shareholders.

Chapter III. Shareholder Verification

3.1 Shareholder Verification

3.1.1 Identity Verification

In the event that a Shareholder (including a shareholder who has made a Notification of Individual Shareholder) makes a Request, such Shareholder shall attach or submit Proof. Provided, however, that in the event ORIX is able to verify on its own that the Request was made by such Shareholder, no attachment or submission thereof shall be required.

3.1.2 When Identity Verification is Unnecessary

In the event that the Request from a Shareholder to ORIX was made through the Securities Companies and JASDEC, such Request may be deemed to be made by the Shareholder making the Request. In such case, no Proof may be required.

3.1.3 Request made by a Proxy

In the event that the Request is made by a proxy for a Shareholder, a power of attorney to which the relevant Shareholder signs or affixes his/her name and seal as well as documents to establish the genuineness of such power of attorney shall be attached in addition to following certain procedures provided in the preceding two (2) paragraphs. Such power of attorney shall include the proxy's name and address.

3.1.4 Identity Verification of Proxy

The provisions in paragraphs 1 and 2 above shall apply to a proxy of a Shareholder.

Chapter IV. Procedures for Exercising Shareholder's Right

4.1 Paper-Based Document Delivery Request and Making Objections

When a Paper-Based Document Delivery Request is made or an objection is made as provided in Article 325-5, Paragraph 5 of the Companies Act, it shall be made in writing. Provided, however, that if the Paper-Based Document Delivery Request is made through the Securities Companies and JASDEC, the procedures shall be as required by the Securities Companies and JASDEC.

4.2 Minority Shareholder's Right, Etc.

If Among the Request, a Shareholder exercises the Minority Shareholders' Right, Etc., as defined in Article 147, Paragraph 4 of the Transfer Law directly against ORIX, a document to which such Shareholder signs or affixes his/her name and seal shall be submitted with a notice of receipt of the Notice of Individual Shareholder.

4.3 Submission of Materials Upon Request

Upon Requests made by Shareholders, ORIX may require such Shareholders to submit any necessary materials for the Company to confirm its legality or any other necessary matters, or any materials necessary for share transfer procedures.

4.4 Entry of Shareholder Proposals in the Reference Documents for the General Meeting of Shareholders

4.4.1 The volume of the Reference Documents for the General Meeting of Shareholders

Pursuant to the provision of Article 93, Paragraph 1 of the Enforcement Rules of the Companies Act, when there are proposals submitted by shareholders for the General Meeting of Shareholders, the volume designated by ORIX shall be as follows:

- (1) For the reason for such proposal, no more than 400 characters per proposal.
- (2) For proposal regarding election of directors which should be contained in the reference documents for the General Meeting of Shareholders, no more than 400 characters per candidate.

4.4.2 Handling in the case of exceeding the volume designated by the Company

When the number of characters provided for in the preceding paragraphs exceeds 400 characters, ORIX, at its discretion, may summarize within 400 characters after clearly indicating that ORIX is providing a summary.

4.5 Method for Request of Purchase of Shares Less Than One Unit

In the event that a shareholder requests the Company to purchase such shares, such request shall be made through the Securities Companies and JASDEC, as required by JASDEC, and an application for transfer, with the payment date of the purchase price subject to such purchase request being the transfer date of shares to be transferred subject to such purchase request, shall be made concurrently with such purchase request.

4.6 Determination of Purchase Price

4.6.1 The purchase price per share

The purchase price per share subject to the purchase request in the preceding Article shall be the closing price of the Company shares at an auction market held by the Tokyo Stock Exchange on the day which the purchase request reaches the Handling Office of Administrator of the Register of Shareholders. Provided, however, that if no trading of the Company shares takes place on such day or the day falls on a holiday of such stock exchange, the purchase price shall be the price at which the Company shares are first traded subsequent to such day.

4.6.2 The purchase price

The purchase price shall be the amount equal to the purchase price per share pursuant to the preceding paragraph multiplied by the number of shares subject to the purchase request.

4.7 Payment of Purchase Price

Unless otherwise provided separately by ORIX, ORIX shall pay the purchase price to the applicant on the fourth (4th) business day immediately following the day on which the purchase price is determined, as required by JASDEC. Provided, however, that when such purchase price includes rights for dividends of surplus or share splits and the like, the purchase price shall be paid on or prior to the record date.

4.8 Transfer of Shares Purchased

Shares less than one Unit for which a purchase request by ORIX has been made shall be transferred to the transfer account of ORIX on a day on which payment of the purchase price or procedures for payment is completed pursuant to the preceding Article.

4.9 Exceptional Rules for Foreign Currency Bonds subject to Requests for Purchase of Shares Less than One Unit

4.9.1 In the case of the exercise of stock acquisition rights in relation to bonds with stock acquisition rights issued by the Company outside of Japan

Handling of requests to purchase shares less than one Unit issued upon the exercise of stock acquisition rights in relation to bonds with stock acquisition rights (including former convertible bond prior to the amendment by Law No. 128 of 2001) issued by ORIX outside of Japan, shall be governed by the provisions of the relevant agreement relating to the issuance of the relevant bonds, if separately prescribed in such agreement, to the extent so provided.

4.9.2 In the case of the exercise of stock acquisition rights issued by the Company outside of Japan

Handling of requests to purchase shares less than one Unit issued upon the exercise of stock acquisition rights issued by ORIX outside of Japan, shall be governed by the provisions of the relevant agreement relating to the issuance of the relevant stock acquisition rights, if expressly prescribed in such agreement, to the extent so provided.

4.10 Method for Request of Sale of Shares Less than One Unit

When a shareholder who holds shares less than one Unit requests Request for Sale, such Request for Sale shall be made through the Securities Companies and JASDEC, as required by JASDEC.

4.11 Request for Sale Exceeding Number of Treasury Shares

In the event that the total number of shares for which Requests for Sale were made on the same day in unclear order exceeds the number of treasury shares of ORIX to be transferred, all Request for Sale made on that day shall have no effect.

4.12 Effective Date of the Request for Sale

The Request for Sale shall take effect when the request reaches the Handling Office of Administrator of the Register of Shareholders.

4.13 Determination of Sale Price

4.13.1 The sale price per share

The sale price per share shall be the closing price of the Company shares at an auction market held by the Tokyo Stock Exchange on the effective date of the Request for Sale. Provided, however, that if no trading of the Company shares takes place on such day or the day falls on a holiday of such stock exchange, the sale price shall be the price at which the Company shares are first traded subsequent to such day.

4.13.2 The sale price

The sale price shall be the amount equal to the sale price per share pursuant to the preceding paragraph multiplied by the number of shares subject to the Request for Sale.

4.14 Transfer of Shares Sold

Transfer of treasury shares equivalent to the number of shares for which a Request for Sale has been made to the transfer account of the shareholder who made such Request for Sale shall be applied for on the day when the payment by the shareholder of the amount of the sale price to the bank account designated by ORIX, as required by JASDEC, has been confirmed through the Securities Companies.

4.15 Suspension Term of Acceptance of Request for Sale

4.15.1 Suspension Term of Acceptance

ORIX shall suspend acceptance of any Request for Sale for the period between the date that is ten (10) business days prior to each of the following dates of each year to each of the following dates:

- (1) March 31;
- (2) September 30;
- (3) Other dates such as “shareholders fix dates” (Kabunushi-kakutei-bi) as designated by JASDEC.

4.15.2 Other cases

Notwithstanding the preceding paragraph, ORIX may suspend acceptance of a Request for Sale as it deems necessary.

4.16 Exceptional Rules for Foreign Currency Bonds subject to Requests for Sale of Shares Less than One Unit

The provisions of Article 4.9 (Exceptional Rules for Foreign Currency Bonds subject to Requests for Purchase of Shares Less than One Unit) shall be applied mutatis mutandis to sales of shares less than one Unit.

Chapter V. Exception for Special Account

5.1 Exception for Special Accounts

Handling of special accounts including identity verification of Shareholders with special accounts shall be governed by the provisions of the account management institutions of such special accounts as well as those of JASDEC

Chapter VI. Commission

6.1 Commissions

6.1.1 Commissions

There shall be no commission charged with respect to the handling of ORIX shares.

6.1.2 Other cases

Notwithstanding the preceding paragraph, commission which Shareholders will pay or have paid to the Securities Companies and JASDEC shall be borne by the shareholders.

Chapter VII. A request to the Securities Companies and JASDEC

7.1 Justifiable Reason in Relation to Notification of All Shareholders

ORIX may request Notification of All Shareholders from JASDEC for the following or other justifiable reasons:

- (1) if the board of directors or an executive officer authorized to decide matters relating to the execution of business determines the necessity of a notification to current holders of shares;
- (2) if the board of directors or an executive officer authorized to decide on matters relating to the execution of business determines that the current holders of shares should be reflected on the Register of Shareholders;
- (3) if the procedures for confirming the intention of Shareholders, (including those who are entitled to exercise their voting rights and other rights as shareholders and other related parties; the same shall apply hereinafter through Article 7.1, Paragraph 6 and Article 7.2, Paragraph 1 to 3) are taken;
- (4) if the board of directors or an executive officer authorized to decide on matters relating to the execution of business determines the necessity to confirm a Shareholder's information to ensure smooth communication with Shareholders and smooth implementations of other IR activities;
- (5) if the board of directors or an executive officer authorized to decide on matters relating to the execution of business determines the necessity to confirm a Shareholder's information upon acknowledgement of the possibility of a Request;
- (6) if the board of directors or an executive officer authorized to decide on matters relating to the execution of business determines the necessity to confirm a Shareholder's information in connection with submissions or non-submissions of "LVHR," "TOB Notification," "Sale and Purchase Report," or any other procedures or actions taken pursuant to any laws and regulations; and
- (7) In addition to the preceding paragraphs (1) through (6), if the board of directors or an executive officer authorized to decide on matters relating to the execution of business reasonably determines the necessity of a Notification on a case-by-case basis.

7.2 Justifiable Reason for Information Provision Request

ORIX may make a request as provided in Article 277 of Transfer Law to Securities Companies or JASDEC for the following or other justifiable reasons:

- (1) if the board of directors or an executive officer authorized to decide on matters relating to the execution of business determines the necessity to confirm a Shareholder's information to ensure smooth communication with Shareholders and smooth implementations of other IR activities;
- (2) if the board of directors or an executive officer authorized to decide on matters relating to the execution of business determines the necessity to confirm a Shareholder's information upon acknowledgement of the possibility of a Request;
- (3) if the board of directors or an executive officer authorized to decide on matters relating to the execution of business determines the necessity to confirm a Shareholder's information in connection with submissions or non-submissions of "LVHR," "TOB Notification," "Sale and Purchase Report," or any other procedures or actions taken pursuant to any laws and regulations; and
- (4) In addition to the preceding paragraphs (1) through (3), if the board of directors or an executive officer authorized to decide on matters relating to the execution of business reasonably determines the necessity of a provision request on a case-by-case basis.

Chapter VIII. Miscellaneous Provisions

8.1 Principal Department

The principal department in charge of these Regulation shall be the Group Corporate Administration Department. The amendment/repeal of these Regulation shall be subject to Regulation Management Rule. In case of the revision, amendment (excluding Minor Revisions) or abolishment, the Executive Officer Responsible for the Corporate Legal Department of ORIX shall be added to as the consultees.

SUPPLEMENTARY PROVISIONS

1. Effective Date

These Regulation takes effect on January 6, 2025.

LIST OF SUBSIDIARIES

Name	Country of Incorporation	Principal Business	ORIX Voting Power*
ORIX Auto Corporation	Japan	Automobile Leasing, Rental, Car Sharing and Sales of Used Automobiles	100%
ORIX Rentec Corporation	Japan	Rental and Leasing of Test and Measurement Instruments and ICT-Related Equipment	100%
Yodogawa Transformer Co., Ltd.	Japan	Manufacturing, Rental, and Sales of Power Receiving, Transforming, and Generating Facilities and Equipment, Various Types of Transformers, Cubicles, etc.	100%
ORIX Real Estate Corporation	Japan	Real Estate Investment, Development, Rental, Facility Operation and Management	100%
ORIX Real Estate Investment Advisors Corporation	Japan	Real Estate Investment and Advisory Services	100%
ORIX Asset Management Corporation	Japan	Asset Management of J-REIT	100%
DAIKYO INCORPORATED	Japan	Housing Development and Sales, Redevelopment	100%
ORIX Eco Services Corporation	Japan	Trading of Recycled Metals and other Resources, Collection and Transportation of Industrial Waste, and Intermediate Waste Processing	100%
Elawan Energy S.L.	Spain	Development and Operation of Wind and Solar Power Generation	100%
ORIX Life Insurance Corporation	Japan	Life Insurance	100%
ORIX Bank Corporation	Japan	Banking	100%
Santoku Holdings Corporation	Japan	Ship-Owner Business and Ship Management	100%
ORIX Aviation Systems Limited	Ireland	Aircraft Leasing, Aircraft Asset Management	100%
ORIX Corporation USA	U.S.A.	Financial Services	100%
ORIX Corporation Europe N.V.	Netherlands	Asset Management	100%
ORIX Asia Limited	China (Hong Kong)	Leasing, Automobile Leasing, Lending, Banking	100%
ORIX Leasing Malaysia Berhad	Malaysia	Leasing, Lending	100%
PT. ORIX Indonesia Finance	Indonesia	Leasing, Automobile Leasing	85%
ORIX Australia Corporation Limited	Australia	Automobile Leasing and Truck Rentals	100%
ORIX (China) Investment Co., Ltd.	China	Equity Investment, Other Financial Services	100%
ORIX Capital Korea Corporation	South Korea	Automobile Leasing, Leasing, Lending	100%
Thai ORIX Leasing Co., Ltd	Thailand	Leasing, Automobile Leasing and Rentals	96%
ORIX Corporation India Limited	India	Automobile Leasing, ICT Leasing, Rentals, Leasing, Commercial Vehicle Loans, Commercial Mortgage Loans	99%
ORIX Auto Leasing Taiwan Corporation	Taiwan	Automobile Leasing	100%
Osaka City Dome Co., Ltd.	Japan	Management and Operation of Multipurpose Halls, and Planning, Production, and Operation of Various Events Including Sports	90%
Another 1,138 Subsidiaries			

*1 ORIX voting power includes ORIX's indirect voting power.

*2 ORIX Auto Infrastructure Services Limited, one of the Company's subsidiaries, changed its name to ORIX Corporation India Limited on November 15, 2024.

LIST OF AFFILIATES

Name	Country of Incorporation	Principal Business	ORIX Voting Power*
Kansai Airports	Japan	Airport Operation	40%
ORIX Credit Corporation	Japan	Consumer Finance Services	34%
Avolon Holdings Limited	Ireland	Aircraft Leasing	30%
Another 121 Affiliates			

*1 ORIX voting power includes ORIX's indirect voting power.

*2 ORIX Credit Corporation, one of the Company's affiliates, changed its name to DOCOMO Finance, Inc on April 1,2025.

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Makoto Inoue, certify that:

1. I have reviewed this annual report on Form 20-F of ORIX KABUSHIKI KAISHA (the “company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and
5. The company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company’s internal control over financial reporting.

Date: June 24, 2025

By: /s/ MAKOTO INOUE
Name: Makoto Inoue
Title: Chief Executive Officer

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Yasuaki Mikami, certify that:

1. I have reviewed this annual report on Form 20-F of ORIX KABUSHIKI KAISHA (the “company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and
5. The company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company’s internal control over financial reporting.

Date: June 24, 2025

By:	_____/s/ YASUAKI MIKAMI
Name:	Yasuaki Mikami
Title:	Senior Managing Executive Officer (principal financial officer)

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

The certification set forth below is being submitted in connection with the annual report of ORIX KABUSHIKI KAISHA on Form 20-F for the year ended March 31, 2025 (the “Report”) for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the United States Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Makoto Inoue, the Chief Executive Officer and Yasuaki Mikami, the Senior Managing Executive Officer of ORIX KABUSHIKI KAISHA, each certifies that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of ORIX KABUSHIKI KAISHA.

Date: June 24, 2025

By:	_____/s/ MAKOTO INOUE
Name:	Makoto Inoue
Title:	Chief Executive Officer
By:	_____/s/ YASUAKI MIKAMI
Name:	Yasuaki Mikami
Title:	Senior Managing Executive Officer (principal financial officer)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-273159) on Form F-3 of our reports dated June 24, 2025, with respect to the consolidated financial statements and financial statement schedule II of ORIX Corporation and its subsidiaries, and the effectiveness of internal control over financial reporting.

KPMG AZSA LLC
Tokyo, Japan
June 24, 2025