



## ORIX Acquires Shares of DHC Corporation, Makes Firm a Consolidated Subsidiary

TOKYO, Japan - January 31, 2023 - ORIX Corporation (“ORIX”) announces that, as outlined in its November 11, 2022 press release *Notice regarding Execution of Share Purchase Agreement*<sup>1</sup>, it has acquired 91.1% of the outstanding shares of DHC Corporation (“DHC”) as of today, making the firm a consolidated subsidiary.

### 1.Reason for Acquisition of Shares

DHC has many years of experience as a major leading cosmetics and health foods manufacturer, and boasts exceptional brand recognition within Japan. The company is widely appreciated by all ages and offers customers a fun shopping experience as they discover their own ‘perfect’ product through both its broad merchandise lineup and various media campaigns. In addition to its directly-owned stores and mail-order sales, DHC products are sold through a variety of channels, including convenience stores and drug stores.

Cosmetics and health foods have a role in supporting the healthy lives of people. Following the rise in health awareness due to the coronavirus pandemic, stable demand is expected to continue in the future. ORIX focuses on health care businesses through investment in INNOMEDICS Medical Instruments, Inc., a medical equipment sales company (head office: Bunkyo-ku, Tokyo) and DOJIN IYAKU-KAKO Co., Ltd., a pharmaceutical company (head office: Nakano-ku, Tokyo), and other means. This share acquisition will contribute to the network expansion of the healthcare fields within the ORIX Group.

ORIX Group has realized sustainable growth by contributing to society through its business activities, and has outlined a Sustainability Policy to help it meet its responsibilities to society. Based on these core principals, ORIX will capitalize on its expertise in improving corporate value cultivated over many years to promote a smooth business succession at DHC and further strengthen the compliance management system and corporate governance of DHC.

Mr. Yoshiaki Yoshida, who is the representative of DHC, will resign from his position after completion of the share acquisition. Under an updated management structure with ORIX as the new owner, DHC will continue to contribute to various stakeholders including its customers and clients, and act for the realization of a sustainable society.

### 2.Overview of Acquired Company (DHC Corporation)

(1)	Name	DHC Corporation
(2)	Address	2-7-1 Minami-Azabu, Minato-ku, Tokyo
(3)	Representative	Yoshiaki Yoshida, Chairman and President

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<sup>1</sup> [Notice regarding Execution of Share Purchase Agreement \(November 11, 2022\)](#)



(4)	Business overview	Research and development, manufacture, and sale, etc. of cosmetics and health foods		
(5)	Capital	3,377 million yen		
(6)	Date of incorporation	December 19, 1975		
(7)	Website	<a href="https://top.dhc.co.jp/company/jp/">https://top.dhc.co.jp/company/jp/</a>		
(8)	Major shareholder	Yoshiaki Yoshida		
(9)	Relationship between the listed company and the acquired company	There are no capital, personal, or business relationships required to be stated.		
(10) Business performance and financial conditions for last three fiscal years* (Unit: Mn JPY)				
Fiscal year		FY20.7	FY21.7	FY22.7
Net assets		107,952	113,355	120,829
Total assets		124,408	133,875	139,992
Sales		97,287	90,118	90,531
Operating profit		4,087	10,937	16,676
Recurring profit		4,622	11,459	17,624
Net income		1,318	5,440	9,615

\*Some businesses will not be included in the acquisition. Please see p. 8 for details.

### 3. Overview of Other Party to the Agreement

(1)	Name	Yoshiaki Yoshida, others
(2)	Address	Undisclosed as per non-disclosure agreement
(5)	Relationship between the listed company and the stated individual	There are no relationships required to be stated.

### 4. Ownership Stake, Purchase Price and Post-Acquisition Ownership

(1)	Pre-acquisition ownership stake	0%
(2)	Post-acquisition ownership stake	91.1%
(5)	Purchase Price	Around 300 Bn JPY (Roughly this amount when 100% of shares are acquired)

### 5. Future Outlook

ORIX aims to acquire the remainder of DHC's shares and make the firm into a fully consolidated subsidiary. The impact of the transaction on the consolidated results for the fiscal year ending March 2023 of ORIX will be minor, but there will be some contribution to consolidated results for the fiscal years ending March 2024 and beyond.



**Contact Information:**

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**About ORIX:**

ORIX Corporation (TSE: 8591; NYSE: IX) is a financial services group which provides innovative products and services to its customers by constantly pursuing new businesses.

Established in 1964, from its start in the leasing business, ORIX has advanced into neighboring fields and at present has expanded into lending, investment, life insurance, banking, asset management, automobile related, real estate and environment and energy related businesses. Since entering Hong Kong in 1971, ORIX has spread its businesses globally by establishing locations in 28 countries and regions across the world.

Going forward, ORIX intends to utilize its strengths and expertise, which generate new value, to establish an independent ORIX business model that continues to evolve perpetually. In this way, ORIX will engage in business activities that instill vitality in its companies and workforce, and thereby contribute to society. For more details, please visit our website: <https://www.orix.co.jp/grp/en/>

(As of September 30, 2022)

**Caution Concerning Forward Looking Statements:**

These documents may contain forward-looking statements about expected future events and financial results that involve risks and uncertainties. Such statements are based on our current expectations and are subject to uncertainties and risks that could cause actual results that differ materially from those described in the forward-looking statements. Factors that could cause such a difference include, but are not limited to, those described under “Risk Factors” in the Company’s annual report on Form 20-F filed with the United States Securities and Exchange Commission and under “(4) Risk Factors” of the “1. Summary of Consolidated Financial Results” of the “Consolidated Financial Results April 1, 2021 – March 31, 2022” furnished on Form 6-K.



**ORIX**

Answers,  
Custom Fit.

# **ORIX Acquires Shares of DHC Corporation, Makes Firm a Consolidated Subsidiary**

January 31, 2023

- ✓ DHC Corporation (“DHC”) has established a strong position as an industry-leading manufacturer of cosmetics and health foods
- ✓ Healthcare-related businesses are a focus area for ORIX Group, and DHC acquisition is an investment aimed at contributing to network expansion in this field



## Health foods



## Cosmetics



## Company profile

### Business areas

- Cosmetics business
- Health foods business

### Founding / establishment

- Founded 1972
- Company established Dec 1975

### Employees

- 2,032 (as of Oct 21, 2022)

### Financial information (FY22.7 Non-consolidated)

- |                    |              |
|--------------------|--------------|
| • Total assets     | 139.9 Bn JPY |
| • Sales            | 90.5 Bn JPY  |
| • Recurring profit | 17.6 Bn JPY  |
| • Net profit       | 9.6 Bn JPY   |

## Market positioning

### Domestic health foods

- No. 1 share in 26 product categories, including meal replacement and diet supplements, beauty aids, oral care, stress reduction/sleep support products

### Domestic cosmetics

- Focused on perennially popular products such as beauty oils, lineup includes top-selling items aimed at daily use like lip balm

Source: Fuji Keizai *Health/Beauty Foods Marketing 2023 No. 1.*

# Background of ORIX's Acquisition of DHC Shares

- ✓ DHC boasts strong brand recognition and solid market position in healthcare field, an area of focus for ORIX
- ✓ Founder, DHC, and ORIX reached agreement following extensive discussions focused on developing an understanding of each other's needs, strategic alignment

## DHC

- ✓ Boasts long track record and exceptional brand recognition in Japan as industry-leading cosmetics, health foods manufacturer; established a strong market position
- ✓ DHC's strengths include wide range of products, customer base across age groups, and fun shopping experience across variety of channels; sustained expansion to lead to growth
- ✓ Founding owner, which drove DHC's growth to this point, sought partner for business succession which could be entrusted with company's future development

## ORIX

- ✓ Domestic PE business has invested in multiple businesses in healthcare field, which is a focus area. Acquisition to contribute to network expansion
- ✓ Awareness of healthy lifestyles is increasing following COVID pandemic, expect steady demand for cosmetics, health foods in the future
- ✓ Domestic PE business has expertise in ensuring smooth business succession based on extensive track record

Under new management structure, DHC will contribute towards realization of a sustainable society for a variety of stakeholders, including customers and suppliers

- Business succession: After founder's retirement, current DHC leadership and ORIX will cooperate in transition to new management structure
- Improving corporate value: Focus on ways to improve DHC's value by utilizing ORIX's expertise and Group network (see P. 10, PE Investment Track Record)
- Governance: In addition to pre-acquisition due diligence, will promote further strengthening of DHC's compliance systems and governance

## Strategy (Example)

### Customer acquisition

- Accelerate utilization of DHC's massive customer base and associated data

### Value chain

- Strengthen supply chain, expand distribution channels

### Promotion

- Proactively advertise in various media, platforms to improve market share

### Overseas

- Aim to further improve brand recognition in growth regions such as China, other parts of Asia

## Aim

### Improve DHC's Corporate Value

Implementing measures to realize DHC's growth strategy will improve the company's earnings (in quality and quantity) over the medium to long term, realizing ongoing improvement in corporate value



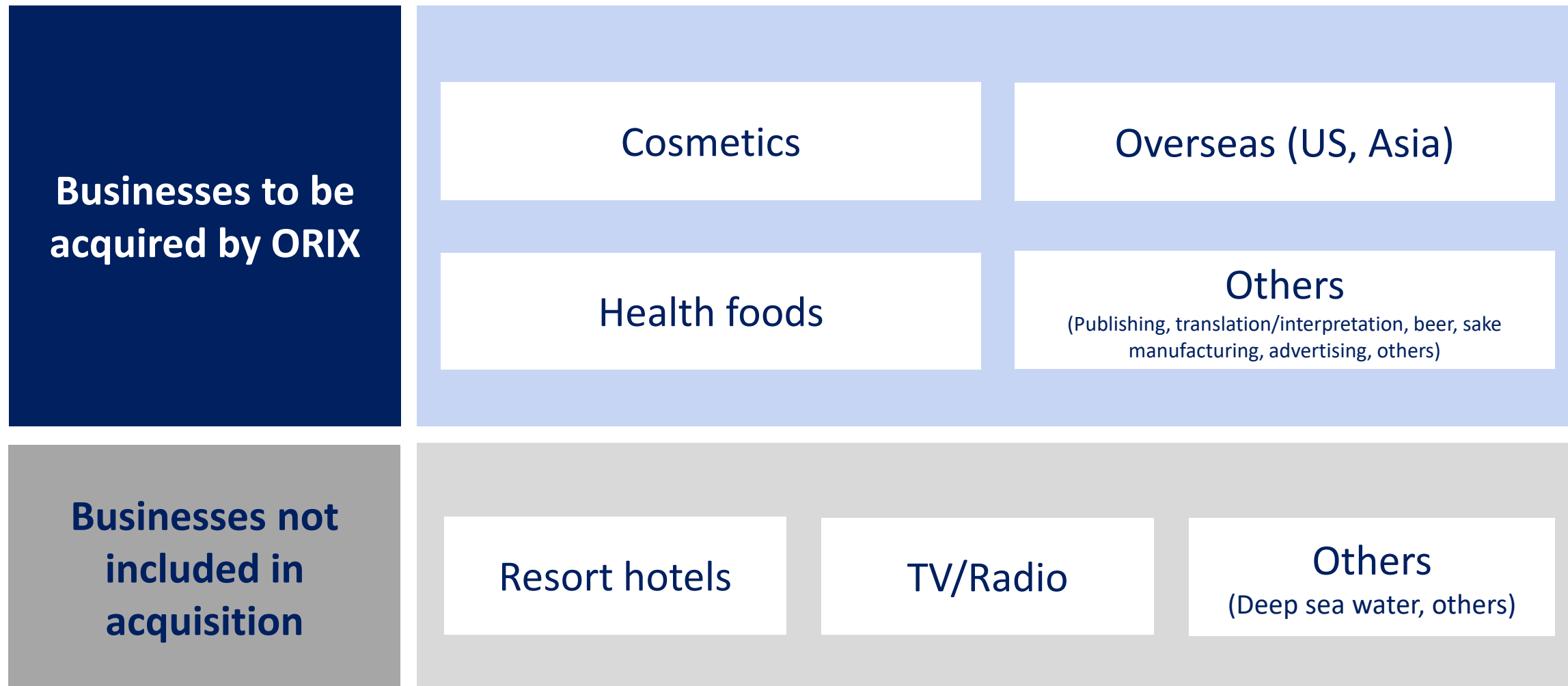
### Value Creation for ORIX

Aim to realize IRR of 20% or higher through ORIX's value creation model by utilizing owned assets, financial strategies such as LBO loans



# Businesses Included in Acquisition

- ✓ ORIX will acquire DHC's core cosmetics and health foods businesses (some operations not included in purchase)



# PE Investment and Concession – About the Business



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

## Investment Track Record

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

### Target companies

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

### Investment span

3 – 5 years or  
longer  
(per project)

### Total investments since 2012

26 companies

### Track record

30% IRR  
Average achieved in 8 exits since 2012\*

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

## Investee Companies

### Management oversight/support

Hands-on involvement

### M&A, Tie-up Strategy

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

### Marketing support

Customer, sales channel expansion using ORIX network

### Professional human resources

Support from specialized staff

### IT Services

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

### Logistics/Rental Services, Dairy

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

### Healthcare

INNOMEDICS Medical Instruments, Inc.	2015	Sales of medical equipment and devices
Sasaeah Pharmaceutical Co., Ltd.	2016	Veterinary pharmaceuticals (Formed via 2020 merger of Fujita Pharm, Kyoto Biken)