

FY4/21

IR PRESENTATION

AIN HOLDINGS INC.
June 2021

Results Overview

Consolidated P/L

Net sales increased 1.6% YoY and decreased 0.9% against the plan due to the contribution of store opened in previous year, despite the impact of the COVID-19. Ordinary income declined 24.8% YoY due to lower gross profit margins and up 26.5% against the plan.

(¥ million)	FY4/20 results	FY4/21 plan	FY4/21 results	YoY change	YoY change(%)	Vs plan (%)
Net sales	292,615	300,000	297,305	+4,690	+1.6	(0.9)
Gross profit	46,861	45,400	46,155	(706)	(1.5)	+1.7
% of net sales	16.0	15.1	15.5			
SG&A expenses	30,793	36,200	35,222	+4,429	+14.4	(2.7)
% of net sales	10.5	12.1	11.8			
Operating income	16,068	9,200	10,932	(5,136)	(32.0)	+18.8
% of net sales	5.5	3.1	3.7			
Ordinary income	16,822	10,000	12,649	(4,173)	(24.8)	+26.5
% of net sales	5.7	3.3	4.3			
Profit attributable to owners of parent	9,179	5,000	6,697	(2,482)	(27.0)	+33.9
% of net sales	3.1	1.7	2.3			
Earnings per share(¥)	259.11	141.13	189.04	(70.07)	(27.0)	+33.9

- ▶ Figures in the table are rounded down
- ▶ FY4/21 plan is revised in December 3, 2020

Dispensing Pharmacy Business (Consolidated)

Net sales decreased 0.2% YoY and 0.6% against the plan due to the reduction of prescription volume caused by impact of the COVID-19 outbreak. Segment income up 0.5% YoY and 15.1% against the plan due to raising efficiency of store operation.

(¥ million)	FY4/20 results	FY4/21 plan	FY4/21 results	YoY change	YoY change(%)	Vs plan (%)
Net sales	263,750	264,800	263,095	(655)	(0.2)	(0.6)
Gross profit	34,960	32,400	33,160	(1,800)	(5.1)	+2.3
% of net sales	13.3	12.2	12.6			
SG&A expenses	14,664	14,900	13,998	(666)	(4.5)	(6.1)
% of net sales	5.6	5.6	5.3			
Operating income	20,295	17,500	19,162	(1,133)	(5.6)	+9.5
% of net sales	7.7	6.6	7.3			
Segment income	20,850	18,200	20,947	+97	+0.5	+15.1
% of net sales	7.9	6.9	8.0			
Number of pharmacies	1,088	1,079	1,065	(23)	(2.1)	(1.3)

▶ Figures in the table are rounded down

▶ FY4/21 plan is revised in December 3, 2020

Cosmetic and Drug Store Business (Consolidated)

Net sales declined 21.4% YoY and 2.9% against the plan due to temporarily closed or shorted opening hours at many stores. Segment loss was ¥1,999 million due to net sales declined.

(¥ million)	FY4/20 results	FY4/21 plan	FY4/21 results	YoY change	YoY change(%)	Vs plan (%)
Net sales	24,701	20,000	19,419	(5,282)	(21.4)	(2.9)
Gross profit	9,753	7,330	7,216	(2,537)	(26.0)	(1.6)
% of net sales	39.5	36.7	37.2			
SG&A expenses	9,596	9,680	9,358	(238)	(2.5)	(3.3)
% of net sales	38.8	48.4	48.2			
Operating income	157	(2,350)	(2,141)	(2,298)	-	-
% of net sales	0.6	-	-			
Segment income	262	(2,200)	(1,999)	(2,261)	-	-
% of net sales	1.1	-	-			
Number of stores	63	69	69	+6	+9.5	+0.0

▶ Figures in the table are rounded down

▶ FY4/21 plan is revised in December 3, 2020

Consolidated B/S

Net cash became ¥43,171 million and shareholders' equity ratio became 56.8%. We are maintaining a sound financial structure even during the COVID-19 outbreak.

(¥ million)

End-FY4/20			
Assets		Liabilities	
Current assets	87,802	Current liabilities	74,700
Cash on hand and in banks	46,321	Short-term debt	3,642
		Lease obligations	193
Fixed assets	105,632	Long-term liabilities	7,747
Goodwill	42,123	Long-term debt	2,432
		Lease obligations	154
Deferred assets	15	Total net assets	111,003
Total assets	193,451	Total liabilities and net assets	193,451
Net cash		39,899	
Shareholders' equity ratio(%)		57.3	

(¥ million)

End-FY4/21			
Assets		Liabilities	
Current assets	96,398	Current liabilities	74,160
Cash on hand and in banks	55,271	Short-term debt	3,670
		Lease obligations	94
Fixed assets	107,264	Long-term liabilities	13,664
Goodwill	39,057	Long-term debt	8,297
		Lease obligations	37
Deferred assets	-	Total net assets	115,837
Total assets	203,662	Total liabilities and net assets	203,662
Net cash		43,171	
Shareholders' equity ratio(%)		56.8	

▶ Figures in the table are rounded down

▶ Net cash = Cash on hand and in banks - Interest-bearing debt (Long-and short-term debt + Lease obligations)

Assets

The balance of total assets increased ¥10,211 million from the end of the previous fiscal year due to increase of cash on hand and in banks.

(¥ million)	End-FY4/19	End-FY4/20	End-FY4/21	Change
Cash on hand and in banks	48,091	46,321	55,271	+8,950
Notes and accounts receivable	12,771	13,653	13,475	(178)
Inventories	12,898	15,322	14,285	(1,037)
Total current assets	85,446	87,802	96,398	+8,596
Buildings and structures, net	16,352	16,609	16,270	(339)
Land	10,394	10,960	10,390	(570)
Lease assets	571	272	100	(172)
Total property, plant and equipment	30,186	30,874	30,229	(645)
Goodwill	45,249	42,123	39,057	(3,066)
Lease assets	7	5	1	(4)
Total intangible fixed assets	47,577	44,916	42,666	(2,250)
Investments in securities	1,795	2,295	2,697	+402
Deferred tax assets	4,284	4,211	4,415	+204
Deposits and guarantees	15,133	19,144	20,319	+1,175
Total investments and other assets	25,751	29,841	34,368	+4,527
Total fixed assets	103,515	105,632	107,264	+1,632
Total deferred assets	59	15	-	(15)
Total assets	189,021	193,451	203,662	+10,211

▶ Figures in the table are rounded down ▶ Change: End-FY4/21 compared with End-FY4/20

▶ Capital expenditures (Property, plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥8,122 million

Liabilities and Net Assets

The balance of liabilities increased ¥5,378 million from the end of the previous fiscal year due to increase of long-term debt for investment purpose.

(¥ million)	End-FY4/19	End-FY4/20	End-FY4/21	Change
Accounts payable	44,794	47,187	46,758	(429)
Short-term debt	5,571	3,642	3,670	+28
Lease obligations	318	193	94	(99)
Total current liabilities	73,744	74,700	74,160	(540)
Long-term debt	5,985	2,432	8,297	+5,865
Lease obligations	401	154	37	(117)
Total long-term liabilities	11,355	7,747	13,664	+5,917
Total liabilities	85,099	82,447	87,825	+5,378
Common stock	21,894	21,894	21,894	-
Capital surplus	20,500	20,500	20,500	-
Retained earnings	61,526	68,758	73,506	+4,748
Total shareholders' equity	103,920	111,151	115,899	+4,748
Total net assets	103,922	111,003	115,837	+4,834
Total liabilities and net assets	189,021	193,451	203,662	+10,211

▶ Figures in the table are rounded down ▶ Change: End-FY4/21 compared with End-FY4/20

Consolidated C/F

Operating activities was ¥14,928 million due to active new store opening especially focus on large-scale store. Cash and cash equivalents at end of the year increased ¥9,078 due to increase of long-term debt.

(¥ million)	FY4/20	FY4/21	Change
Net cash provided by operating activities	17,747	14,928	(2,819)
Profit before income taxes	15,930	11,767	(4,163)
Depreciation and amortization	4,087	4,243	+156
Amortization of goodwill	4,357	4,436	+79
Increase (decrease) in accounts receivable	▲429	138	+567
Increase (decrease) in inventories	▲1,939	1,172	+3,111
Increase (decrease) in other accounts receivable	▲530	▲221	+309
(Increase) decrease in accounts payable	1,793	▲844	(2,637)
Net cash used in investing activities	▲11,474	▲9,493	+1,981
Payments for purchases of property, plant and equipment and intangible fixed assets	▲6,378	▲5,742	+636
Purchase of subsidiaries' shares resulting in obtaining controls	▲1,442	▲997	+445
Net cash provided by financing activities	▲7,837	3,643	+11,480
Net increase in cash and cash equivalents	▲1,564	9,078	+10,642
Cash and cash equivalents at end of the year	45,931	55,009	+9,078

▶ Figures in the table are rounded down

Business Value Analysis

	FY4/19	FY4/20	FY4/21	Change
Shareholders' equity ratio (%)	54.9	57.3	56.8	(0.5)
Market value equity ratio (%)	165.7	110.4	105.6	(4.8)
PER (times)	34.68	23.27	32.11	+8.84
EPS (¥)	254.87	259.11	189.04	(70.07)
PBR (times)	3.01	1.92	1.86	(0.06)
BPS (¥)	2,931.48	3,130.77	3,267.49	+136.72
ROA (%)	4.8	4.8	3.4	(1.4)
ROE (%)	9.0	8.5	5.9	(2.6)
EBITDA (¥ million)	24,154	24,513	19,612	(4,901)
EV/EBITDA (times)	11.52	7.11	8.80	+1.69
Net D/E ratio (times)	▲0.34	▲0.36	▲0.37	(0.01)
Net cash (¥ million)	35,814	39,899	43,171	+3,272
Shareholders' value (¥ million)	314,139	214,258	215,710	+1,452
Market capitalization (¥ million)	313,178	213,627	215,043	+1,416

- ▶ Figures in the table are rounded down ▶ Change : FY4/21 compared with FY4/20
- ▶ Net D/E ratio = (Interest-bearing debt – Cash on hand and in banks) / Shareholders' equity
- ▶ Shareholders' value = EV – Net interest-bearing debt
- ▶ Market capitalization : Treasury stock is excepted
- ▶ Share prices used to calculate market capitalization:
End-FY4/19 ¥8,840 (End-Apr,2019), End-FY4/20 ¥6,030 (End-Apr,2020), End-FY4/21 ¥6,070 (End-Apr,2021).
- ▶ Net cash = Cash on hand and in banks – Interest-bearing debt (Long-and short-term debt + Lease obligations)

FY4/22 Plan (Consolidated)

The group forecasts net sales for the fiscal year ending April 30, 2022 of ¥315,000 million, increase 6.0% YoY and ordinary income of ¥15,500 million, increase 22.5% YoY.

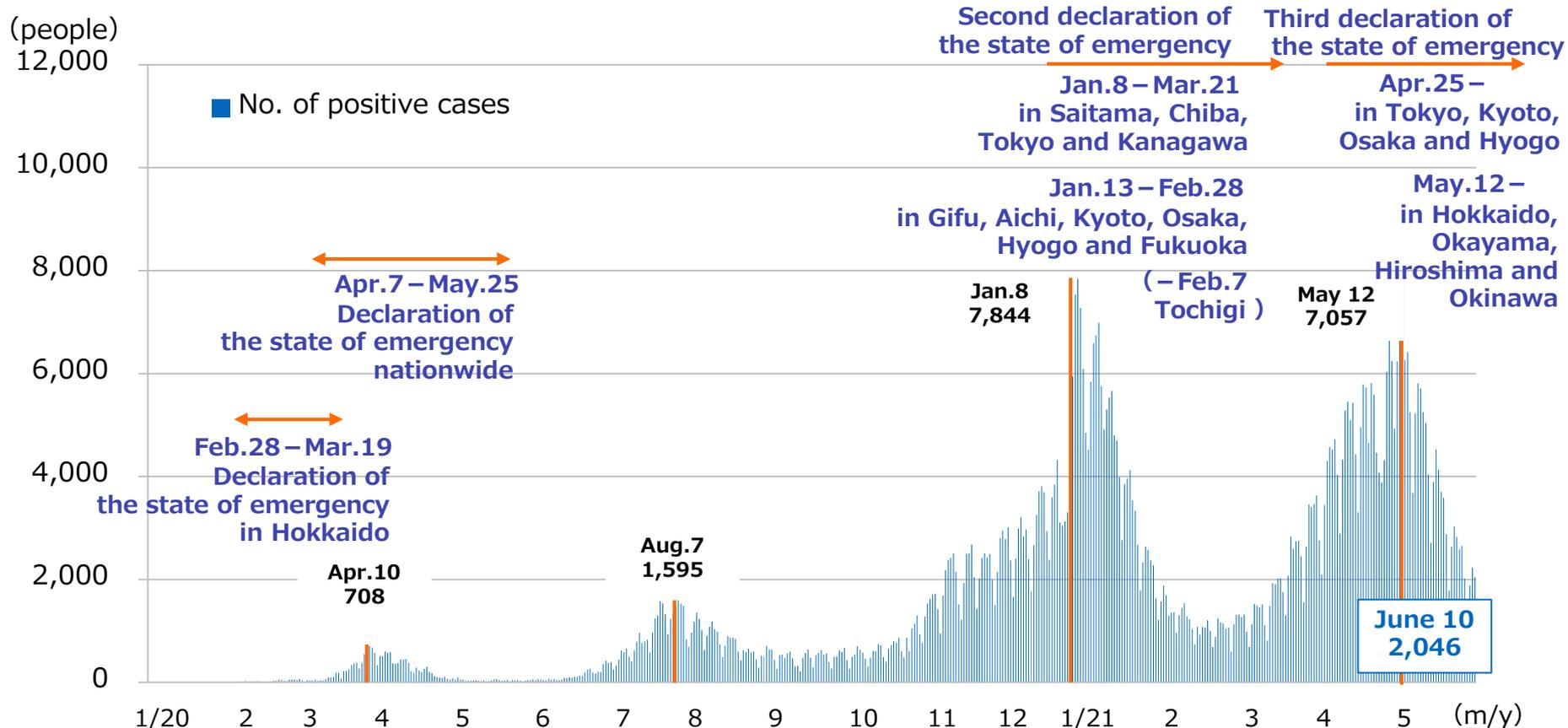
(¥ million)	FY4/20 results	FY4/21 results	FY4/22 plan	YoY change	YoY change(%)
Net sales	292,615	297,305	315,000	+17,695	+6.0
Gross profit	46,861	46,155	51,600	+5,445	+11.8
% of net sales	16.0	15.5	16.4		
SG&A expenses	30,793	35,222	36,600	+1,378	+3.9
% of net sales	10.5	11.8	11.6		
Operating income	16,068	10,932	15,000	+4,068	+37.2
% of net sales	5.5	3.7	4.8		
Ordinary income	16,822	12,649	15,500	+2,851	+22.5
% of net sales	5.7	4.3	4.9		
Profit attributable to owners of parent	9,179	6,697	8,300	+1,603	+23.9
% of net sales	3.1	2.3	2.6		
Earnings per share(¥)	259.11	189.04	234.28	+45.24	+23.9
Annual dividend (¥)	55.00	55.00	55.00	+0.00	+0.0

► Figures in the table are rounded down

Review

Daily new COVID-19 cases across Japan

As of June 10, the number of domestic cases of the COVID-19 infection and deaths was 762,459 and 13,908, respectively.



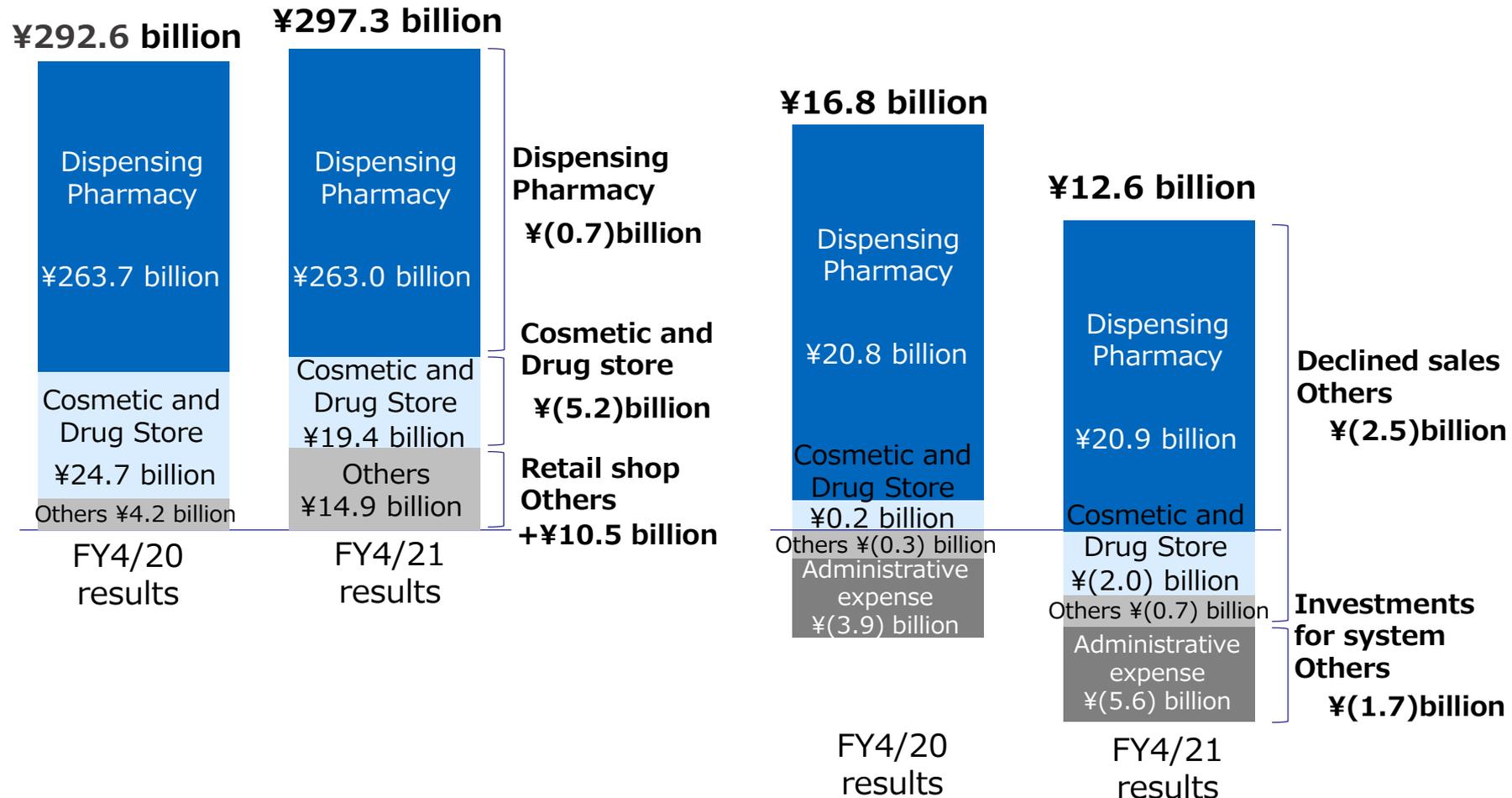
▶ the Ministry of Health, Labour and Welfare's Open Data on the COVID-19

Review (YoY)

Ordinary income decreased ¥4.2 billion because declined net sales couldn't absorb investments costs for system etc. and labor costs for new employees.

Net sales +¥4.6 billion

Ordinary income ¥(4.2) billion

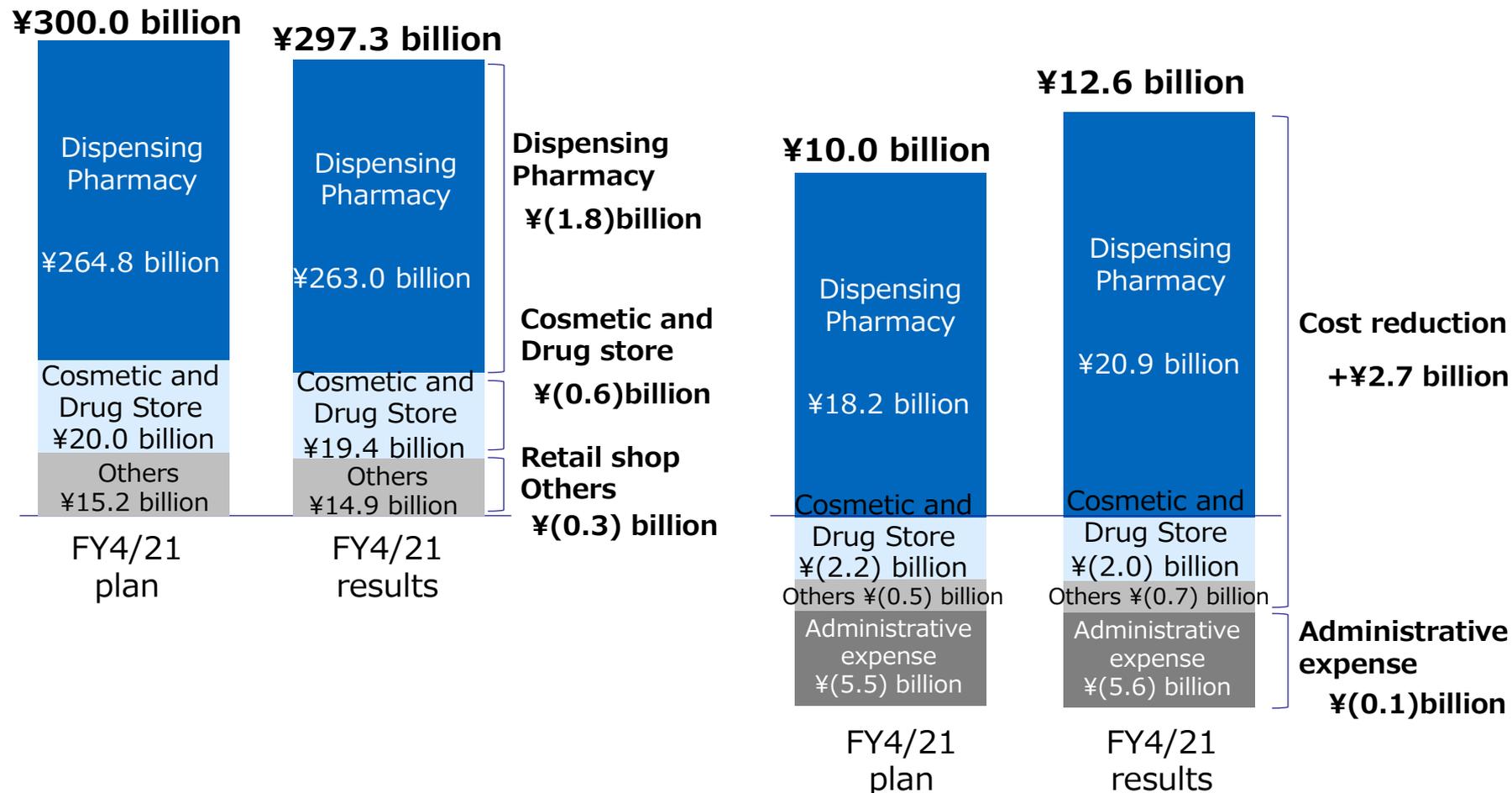


Review (Vs plan)

Although net sales fell below the plan, ordinary income increased ¥2.6 billion against the plan due to cost reduction, etc.

Net sales **¥(2.7) billion**

Ordinary income **+¥2.6 billion**



Strategy

Strategy

Expansion of Top-line

- Dispensing Pharmacy Planning to open **80 pharmacies** (Organic 40, M&A 40)
- Cosmetic and Drug Store Planning to open **15 stores**

Proper staffing

- **Planning to hire 600 newly graduated pharmacists (hired 613 new pharmacists in FY4/21)**
- Assign personnel properly and strengthening recruitment of full-time employees
- **Newly assign 100 employees dedicated to the management of dispensing pharmacies**

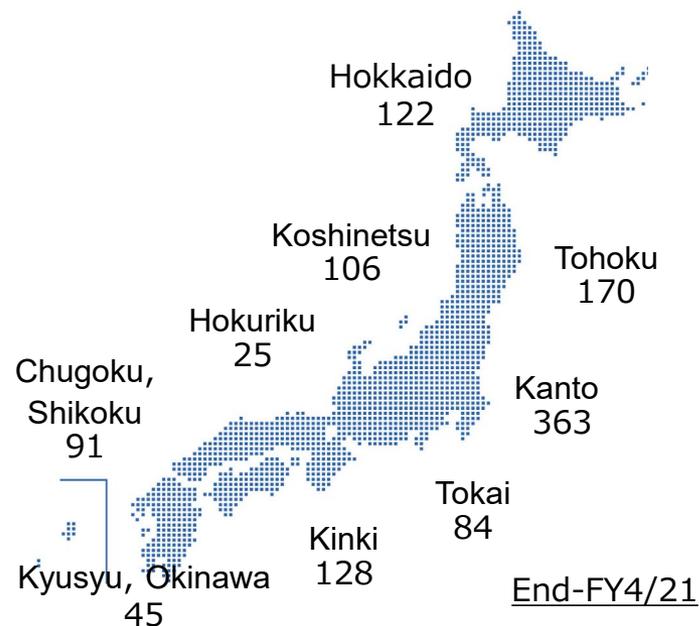
Reinforcing the Group's business base

- Promoting Sustainable Management
- Securing specialized human resources with expertise in IT and logistics
- Raising the operating efficiency by introducing RPA robots
- Improving the customer services by enhancing official app and EC website
- Logistic reform in anticipation of expansion of Top-line

Top-line

The group opened 40 stores including M&A, and closed 57 stores during the FY4/21. We plan to open 95 and close 7 stores, resulting in a total of 1,222 stores at the end of the FY4/22.

■ Plan		FY4/21		FY4/22
		Plan	Results	Plan
Opening	Dispensing Pharmacy	38	29	80
	Organic	16	15	40
	M&A	22	14	40
	Cosmetic and drug store	11	11	15
Total		49	40	95
Closure	Dispensing Pharmacy	47	52	5
	Cosmetic and drug store	5	5	2
Total		52	57	7
Dispensing Pharmacy		1,079	1,065	1,140
Cosmetic and drug store		69	69	82
Total no. of stores		1,148	1,134	1,222



■ Transition of dispensing pharmacies

	FY4/13	FY4/14	FY4/15	FY4/16	FY4/17	FY4/18	FY4/19	FY4/20	FY4/21
Organic	38	36	40	32	27	25	23	14	15
M&A	38	26	119	110	182	11	134	6	14
EV/EBITDA ratio	5.09	3.94	4.77	5.37	5.50	3.96	4.88	3.71	3.74
Closed	10	6	21	15	24	73	54	64	52
Sold	-	1	1	1	2	32	30	42	34
No. of total stores	560	616	754	881	1,066	1,029	1,132	1,088	1,065

▶ EV/EBITDA ratio=EV(Purchase price)/EBITDA(Operating income + Depreciation and amortization)

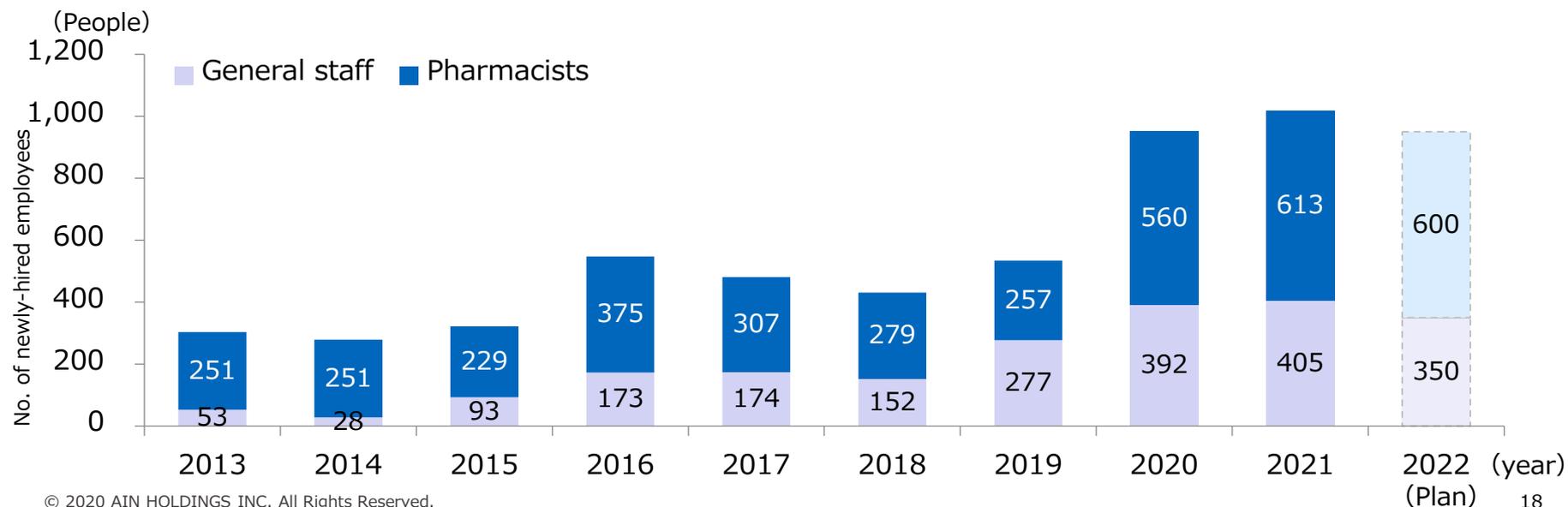
Recruiting of Pharmacists

In April 2021, new 613 pharmacists has joined our group. We aim to hire roughly the same number in fiscal 2022 to prepare for expansion of business scale by accelerating store openings.

■ The transition of No. of national examination passers and new qualified pharmacists in AIN Group

(People)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 (Plan)
No. of newly qualified pharmacists hired in AIN Group	251	251	229	375	307	279	257	560	613	600
No. of pharmacists' national examination passers (pass rate)	8,929 (79.1%)	7,312 (60.8%)	9,044 (63.2%)	11,488 (76.9%)	9,479 (71.6%)	9,584 (70.6%)	10,194 (70.9%)	9,958 (69.6%)	9,634 (68.7%)	-
Rate of newly qualified pharmacists hired in AIN Group	2.8% (7.0%)	3.4% (8.0%)	2.5% (8.0%)	3.3% (11.7%)	3.2% (10.0%)	2.9% (8.0%)	2.5% (5.8%)	5.6% (-)	6.4% (-)	-

▶ Estimates : based on the result in AIN Group, and data from the Ministry of Health, Labor and Welfare, Council on Pharmaceutical Education.



Pharmacies as social infrastructure

“Pharmacy’s vision for patients”

Function of advanced pharmaceutical management

- Securing pharmacists' expertise for advanced pharmaceutical management
- Information sharing with specialized medical institutions

Function of primary care pharmacists and pharmacies

- Integrated and continuous monitoring and guidance of patients' medication information
- Provide patient medication information to doctors
- Support patients in the night and holidays
- Home based health care
- Information sharing with medical institutions / Suggest changes in prescriptions for the better

- Health consultations / Encourage patient for medical examination
- pharmacist who have completed training in health support on duty at all times
- Conducting drug counseling sessions for residents
- Supply of pharmaceuticals requiring guidance, hygiene materials, nursing care products, etc.

Healthcare support pharmacies

Certified pharmacies

Function of pharmacies cooperating with specialized medical institutions

Pharmacies that can handle special dispensing that requires a higher level of pharmaceutical management, working closely with other healthcare provider facilities for patients who require specialized pharmaceutical management such as those with cancer.

Function of community pharmacies

Pharmacies that work for integrated and continuous information coordination of medication information with other healthcare provider facilities, not only during outpatient visits, but also when responding to home based healthcare and when admitting and discharging patients.

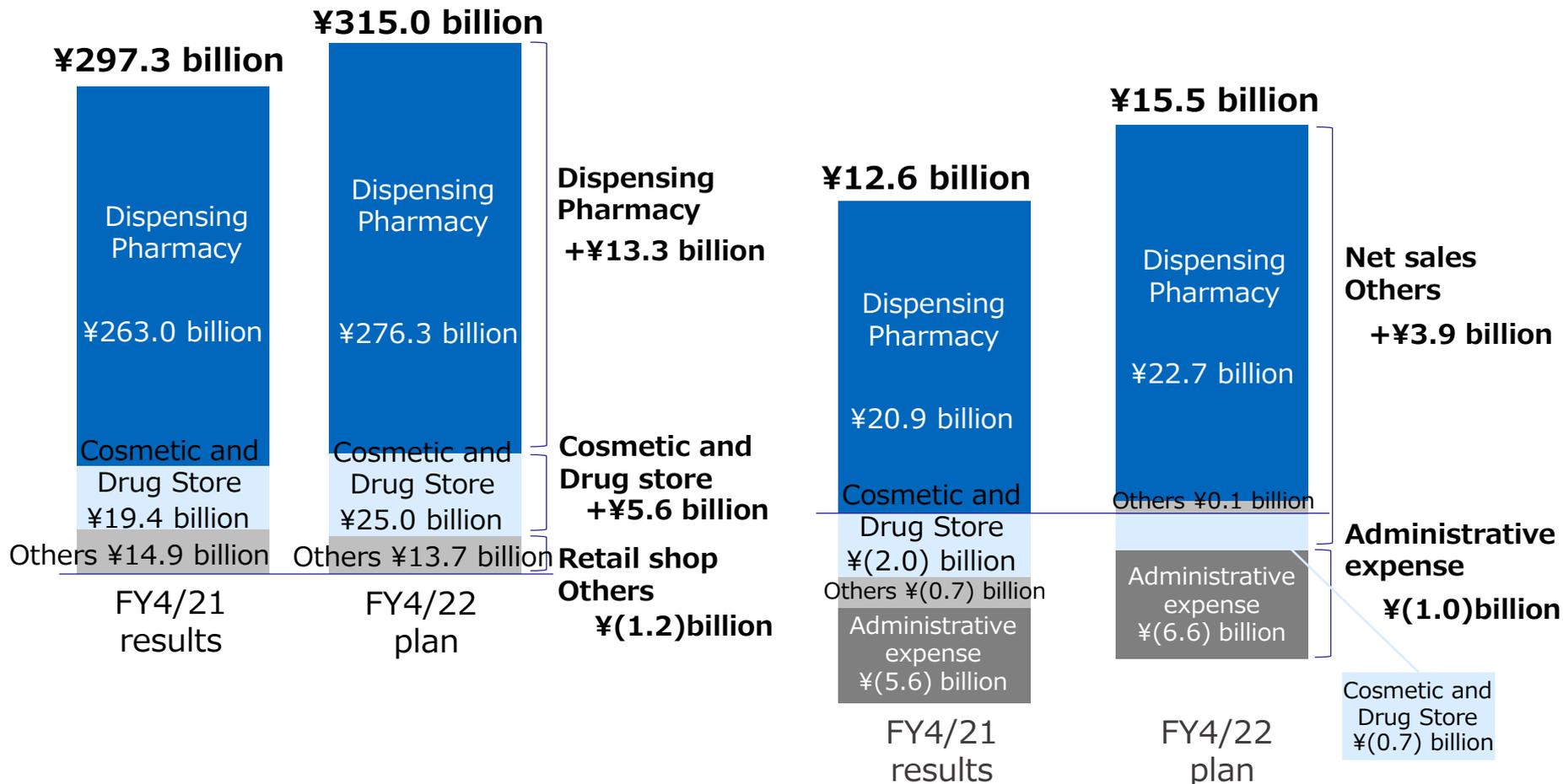
In addition to the basic functions of primary care pharmacists and pharmacies, pharmacies equipped with **health support functions that actively support the proactive maintenance and promotion of health by citizens.**

FY4/22 Plan (Consolidated) Basis of the plan

The group expects to recover gradually from impact of the COVID-19 in FY4/22. We will continue store opening including M&A, securing dispensing fee, effective store operation and reinforcing business base.

Net sales +¥17.7 billion

Ordinary income +¥2.9 billion



FY4/22 Plan (Dispensing Pharmacy Business)

The group forecasts net sales for the fiscal year ending April 30, 2022 increase 5.0% and Segment income increase 8.4% YoY by opening 80 new stores including M&A and closing 5 stores.

(¥ million)	FY4/20 results	FY4/21 results	FY4/22 plan	YoY change	YoY change(%)
Net sales	263,750	263,095	276,300	+13,205	+5.0
Gross profit	34,960	33,160	36,900	+3,740	+11.3
% of net sales	13.3	12.6	13.4		
SG&A expenses	14,664	13,998	14,600	+602	+4.3
% of net sales	5.6	5.3	5.3		
Operating income	20,295	19,162	22,300	+3,138	+16.4
% of net sales	7.7	7.3	8.1		
Segment income	20,850	20,947	22,700	+1,753	+8.4
% of net sales	7.9	8.0	8.2		
Number of pharmacies	1,088	1,065	1,140	+75	+7.0

▶ Figures in the table are rounded down

▶ Segment income is adjusted to ordinary income shown on the consolidated statements of income

ainz & tulpe ①

ainz & tulpe
new store opening in FY4/21

11 stores



Sapporo Kokusai bldg. (Dec. 2020)



Tekute Nagamachi
(Mar. 2021)



Daimaru Umeda
(Jun. 2020)

Daimaru Kyoto
(Jun. 2020)



AMU PLAZA Kumamoto
(Apr. 2021)

Hikarigaoka IMA
(Dec. 2020)

Hibiya chanter
(Jul. 2020)

Tokyu plaza totsuka
(Sep. 2020)



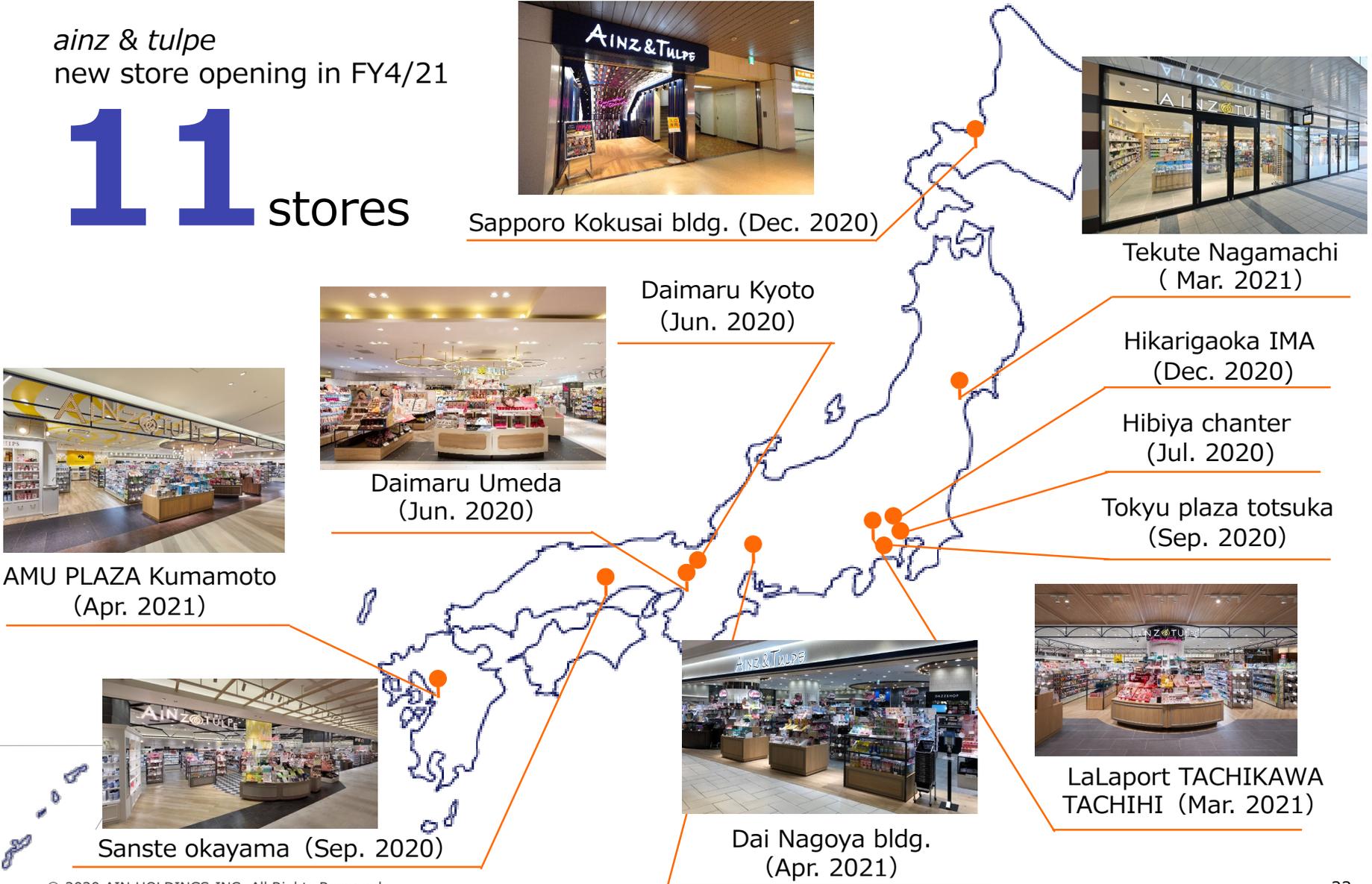
Sanste okayama (Sep. 2020)



Dai Nagoya bldg.
(Apr. 2021)



LaLaport TACHIKAWA
TACHIHI (Mar. 2021)

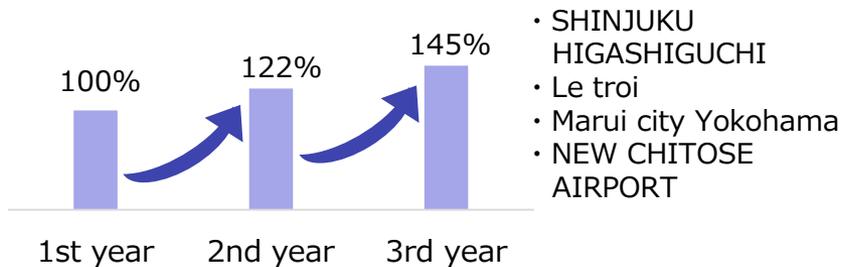


② New store review

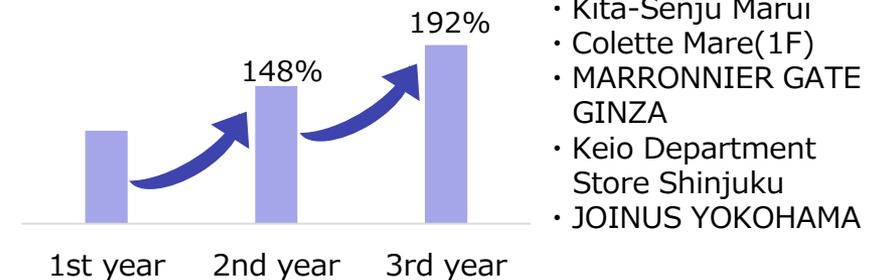
Normally, ainz & tulpe grows in the second and third year of store openings with increase of customer recognition, but now stores do not achieve its original profitability affected by spread of the COVID-19 infection.

■ Average monthly net sales (Before impact of the COVID-19)

Opened in FY4/16 (4 stores)

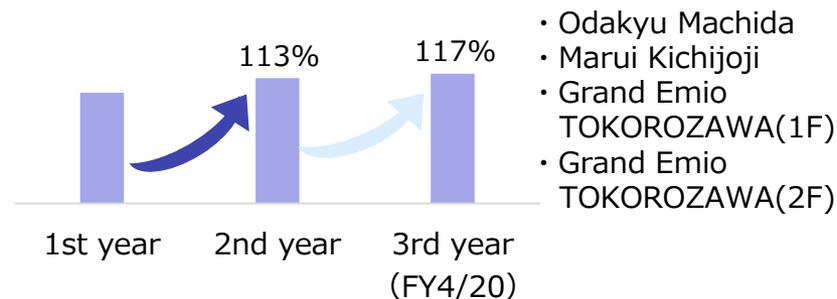


Opened in FY4/17 (5 stores)

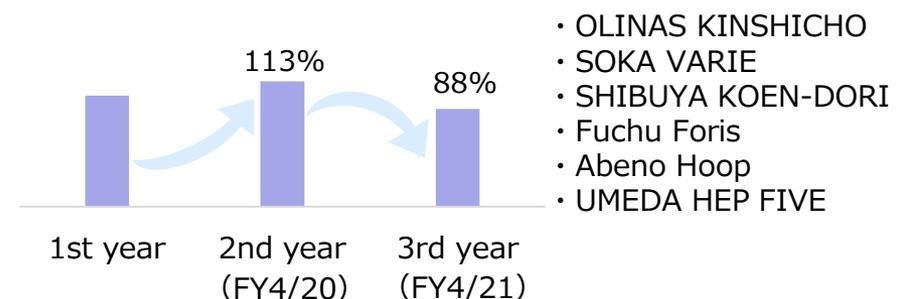


■ Average monthly net sales (After impact of the COVID-19)

Opened in FY4/18 (4 stores)



Opened in FY4/19 (6 stores)



FY4/22 Plan (Cosmetic and Drug Store Business)

The group forecasts net sales for the fiscal year ending April 30, 2022 increase 28.7% YoY and segment income increase ¥1.3 billion by opening 15 new stores and closing 2 stores.

(¥ million)	FY4/20 results	FY4/21 results	FY4/22 plan	YoY change	YoY change(%)
Net sales	24,701	19,419	25,000	+5,581	+28.7
Gross profit	9,753	7,216	9,200	+1,984	+27.5
% of net sales	39.5	37.2	36.8		
SG&A expenses	9,596	9,358	9,900	+542	+5.8
% of net sales	38.8	48.2	39.6		
Operating income	157	(2,141)	(700)	+1,441	-
% of net sales	0.6	-	-		
Segment income	262	(1,999)	(670)	+1,329	-
% of net sales	1.1	-	-		
Number of stores	63	69	82	+13	+18.8

▶ Figures in the table are rounded down

▶ Segment loss is adjusted to ordinary income shown on the consolidated statements of income

FY4/22 Plan (Consolidated)

The group forecasts net sales for the fiscal year ending April 30, 2022 increase 6.0% and ordinary income increase 22.5% YoY by opening new stores (80 dispensing pharmacies and 15 cosmetic and drug stores).

(¥ million)	FY4/20 results	FY4/21 results	FY4/22 plan	YoY change	YoY change(%)
Net sales	292,615	297,305	315,000	+17,695	+6.0
Gross profit	46,861	46,155	51,600	+5,445	+11.8
% of net sales	16.0	15.5	16.4		
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% of net sales	10.5	11.8	11.6		
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% of net sales	5.5	3.7	4.8		
Ordinary income	16,822	12,649	15,500	+2,851	+22.5
% of net sales	5.7	4.3	4.9		
Profit attributable to owners of parent	9,179	6,697	8,300	+1,603	+23.9
% of net sales	3.1	2.3	2.6		
Earnings per share(¥)	259.11	189.04	234.28	+45.24	+23.9
Annual dividend (¥)	55.00	55.00	55.00	+0.00	+0.0

► Figures in the table are rounded down

Inquiries related to this presentation should be addressed to

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