

FY4/23 1Q
IR PRESENTATION

AIN HOLDINGS INC.
September 2022

Results Overview

Consolidated P/L

Net sales increased 8.6% YoY and declined 0.5% against the plan despite the impact of the COVID-19. Ordinary profit increased 7.9% YoY and declined 2.9% against the plan due to increase of sales.

(¥ million)	FY4/22 1Q results	FY4/23 1Q plan	FY4/23 1Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	75,011	81,887	81,470	+6,459	+8.6	(0.5)
Gross profit	11,060	12,471	11,643	+583	+5.3	(6.6)
% of net sales	14.7	15.2	14.3			
SG&A expenses	8,448	9,413	8,890	+442	+5.2	(5.6)
% of net sales	11.3	11.5	10.9			
Operating profit	2,611	3,058	2,753	+142	+5.4	(10.0)
% of net sales	3.5	3.7	3.4			
Ordinary profit	2,864	3,180	3,089	+225	+7.9	(2.9)
% of net sales	3.8	3.9	3.8			
Profit attributable to owners of parent	1,309	1,450	1,704	+395	+30.2	+17.5
% of net sales	1.7	1.8	2.1			
Earnings per share(¥)	37.10	41.19	48.53	+11.43	+30.8	+17.8

► Figures in the table are rounded down

Dispensing Pharmacy Business (Consolidated)

Net sales increased 8.5% YoY and declined 0.5% against the plan due to new store openings including M&A and contribution of stores opened previous year. Segment profit declined 3.0% YoY and 12.2% against the plan.

(¥ million)	FY4/22 1Q results	FY4/23 1Q plan	FY4/23 1Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	66,828	72,810	72,482	+5,654	+8.5	(0.5)
Gross profit	8,138	9,150	8,327	+189	+2.3	(9.0)
% of net sales	12.2	12.6	11.5			
SG&A expenses	3,396	3,870	3,840	+444	+13.1	(0.8)
% of net sales	5.1	5.3	5.3			
Operating profit	4,742	5,280	4,486	(256)	(5.4)	(15.0)
% of net sales	7.1	7.3	6.2			
Segment profit	4,879	5,390	4,731	(148)	(3.0)	(12.2)
% of net sales	7.3	7.4	6.5			
Number of pharmacies	1,074	1,211	1,210	+136	+12.7	(0.1)

► Figures in the table are rounded down

Cosmetic and Drug Store Business (Consolidated)

Net sales up 20.2% YoY and declined 0.7% against the plan due to the recovery of existing stores and contribution of stores opened in previous year despite the impact of the COVID-19. Segment profit was ¥164 million, ¥184 million above the plan.

(¥ million)	FY4/22 1Q results	FY4/23 1Q plan	FY4/23 1Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	5,063	6,130	6,086	+1,023	+20.2	(0.7)
Gross profit	1,701	2,256	2,245	+544	+32.0	(0.5)
% of net sales	33.6	36.8	36.9			
SG&A expenses	2,213	2,276	2,098	(115)	(5.2)	(7.8)
% of net sales	43.7	37.1	34.5			
Operating profit	(511)	(20)	146	+657	-	-
% of net sales	-	-	2.4			
Segment profit	(503)	(20)	164	+667	-	-
% of net sales	-	-	2.7			
Number of stores	70	78	79	+9	+12.9	+1.3

► Figures in the table are rounded down

Consolidated B/S

Net cash became ¥30,947 million and shareholders' equity ratio became 52.0%. We are maintaining a sound financial structure even during the COVID-19 outbreak.

End-FY4/22				(¥ million)
Assets		Liabilities		
Current assets	100,765	Current liabilities	81,805	
Cash on hand and in banks	59,729	Short-term debt	2,643	
Fixed assets	111,696	Long-term liabilities	11,645	
Goodwill	36,352	Long-term debt	5,815	
Deferred assets	-	Total net assets	119,010	
Total assets	212,461	Total liabilities and net assets	212,461	
Net cash				51,030
Shareholders' equity ratio(%)				56.0

End-FY4/23 1Q				(¥ million)
Assets		Liabilities		
Current assets	96,163	Current liabilities	91,402	
Cash on hand and in banks	46,863	Short-term debt	4,167	
Fixed assets	132,231	Long-term liabilities	18,217	
Goodwill	49,344	Long-term debt	11,218	
Deferred assets	-	Total net assets	118,773	
Total assets	228,394	Total liabilities and net assets	228,394	
Net cash				30,947
Shareholders' equity ratio(%)				52.0

- ▶ Figures in the table are rounded down
- ▶ Net cash = Cash on hand and in banks – Interest-bearing debt

Assets

The balance of total assets increased ¥15,933 million from the end of the previous fiscal year due to decrease of cash on hand and in banks and increase of inventories and goodwill.

(¥ million)	End-FY4/22 1Q	End-FY4/22	End-FY4/23 1Q	Change
Cash on hand and in banks	53,576	59,729	46,863	(12,866)
Notes and accounts receivable	12,338	10,110	12,697	+2,587
Inventories	15,180	14,790	19,504	+4,714
Total current assets	94,829	100,765	96,163	(4,602)
Buildings and structures, net	16,345	17,512	19,505	+1,993
Land	9,976	8,581	10,637	+2,056
Total property, plant and equipment	30,117	30,636	35,755	+5,119
Goodwill	39,079	36,352	49,344	+12,992
Total intangible fixed assets	42,788	41,219	54,479	+13,260
Investments in securities	2,638	2,503	2,649	+146
Deferred tax assets	4,633	5,319	5,957	+638
Deposits and guarantees	21,313	22,785	23,234	+449
Total investments and other assets	35,817	39,840	41,996	+2,156
Total fixed assets	108,722	111,696	132,231	+20,535
Total deferred assets	-	-	-	-
Total assets	203,552	212,461	228,394	+15,933

- ▶ Figures in the table are rounded down ▶ Change: End-FY4/23 1Q compared with End-FY4/22
- ▶ Capital expenditures (Property, plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥3,210 million

Liabilities and Net Assets

Accounts payable increased ¥8,706 million due to new store openings and M&A. Short-term and long-term debt increased ¥6,927 million.

(¥ million)	End-FY4/22 1Q	End-FY4/22	End-FY4/23 1Q	Change
Accounts payable	49,094	50,756	59,462	+8,706
Short-term debt	3,354	2,643	4,167	+1,524
Total current liabilities	76,816	81,805	91,402	+9,597
Long-term debt	7,507	5,815	11,218	+5,403
Total long-term liabilities	12,962	11,645	18,217	+6,572
Total liabilities	89,778	93,450	109,620	+16,170
Common stock	21,894	21,894	21,894	-
Capital surplus	20,500	20,500	20,500	-
Retained earnings	72,878	78,661	78,433	(228)
Total shareholders' equity	113,870	119,038	118,811	(227)
Total net assets	113,773	119,010	118,773	(237)
Total liabilities and net assets	203,552	212,461	228,394	+15,933

▶ Figures in the table are rounded down ▶ Change: End-FY4/23 1Q compared with End-FY4/22

FY4/23 Plan (Consolidated)

The group forecasts net sales for the fiscal year ending April 30, 2023 of ¥363,000 million, increase 14.8% YoY and ordinary profit of ¥20,500 million, increase 27.8% YoY.

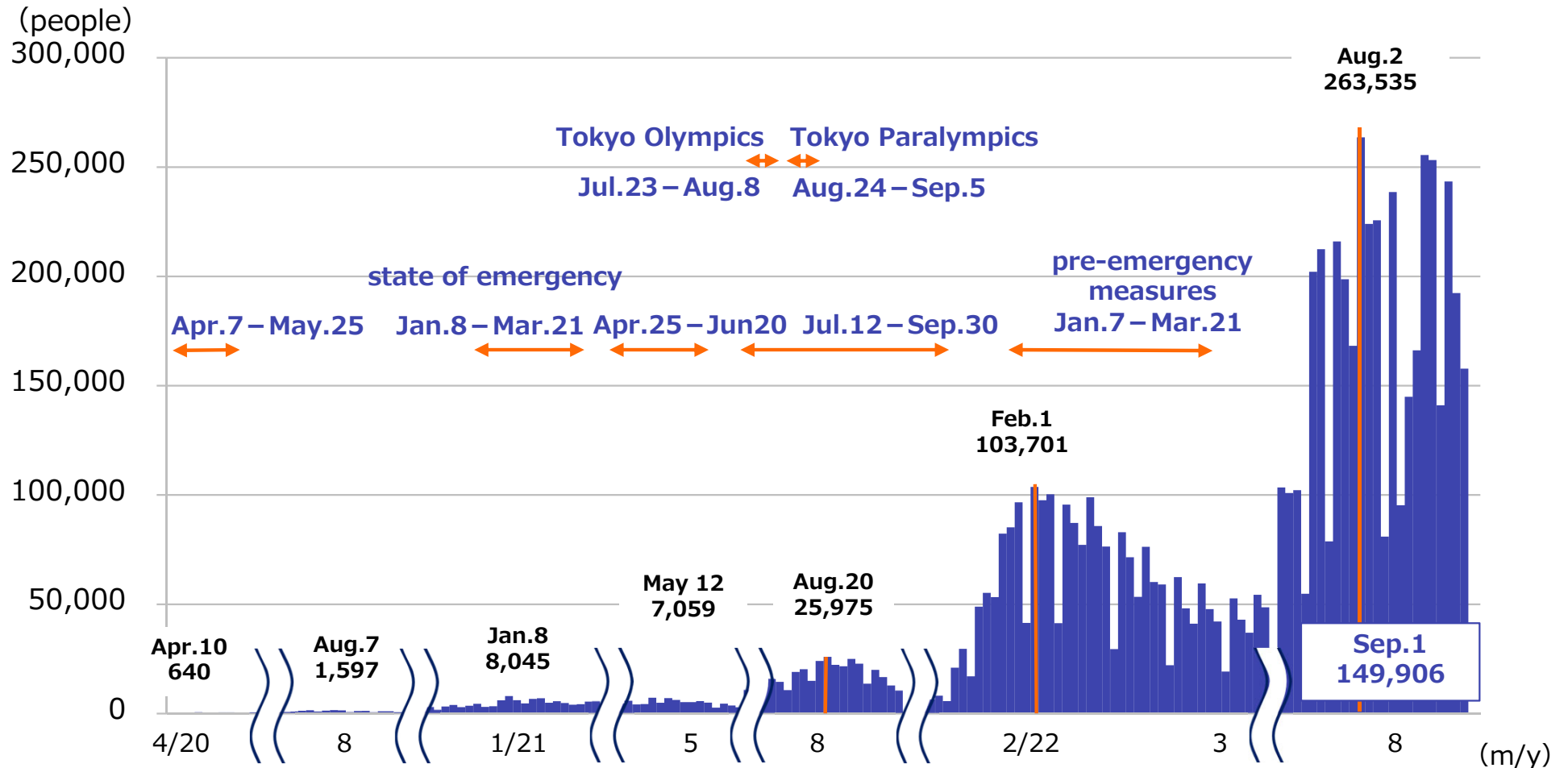
(¥ million)	FY4/21 results	FY4/22 results	FY4/23 plan	YoY change	YoY change(%)
Net sales	297,305	316,247	363,000	+46,753	+14.8
Gross profit	46,155	49,971	58,720	+8,749	+17.5
% of net sales	15.5	15.8	16.2		
SG&A expenses	35,222	34,832	38,720	+3,888	+11.2
% of net sales	11.8	11.0	10.7		
Operating profit	10,932	15,139	20,000	+4,861	+32.1
% of net sales	3.7	4.8	5.5		
Ordinary profit	12,649	16,041	20,500	+4,459	+27.8
% of net sales	4.3	5.1	5.6		
Profit attributable to owners of parent	6,697	7,092	11,000	+3,908	+55.1
% of net sales	2.3	2.2	3.0		
Earnings per share(¥)	189.04	201.47	313.15	+111.68	+55.4
Annual dividend (¥)	55.00	55.00	60.00	+5.00	+9.1

► Figures in the table are rounded down

Review

Daily new COVID-19 cases across Japan

As of September 1, the number of domestic cases of the COVID-19 infection and deaths was 19,116,887 and 40,245, respectively.



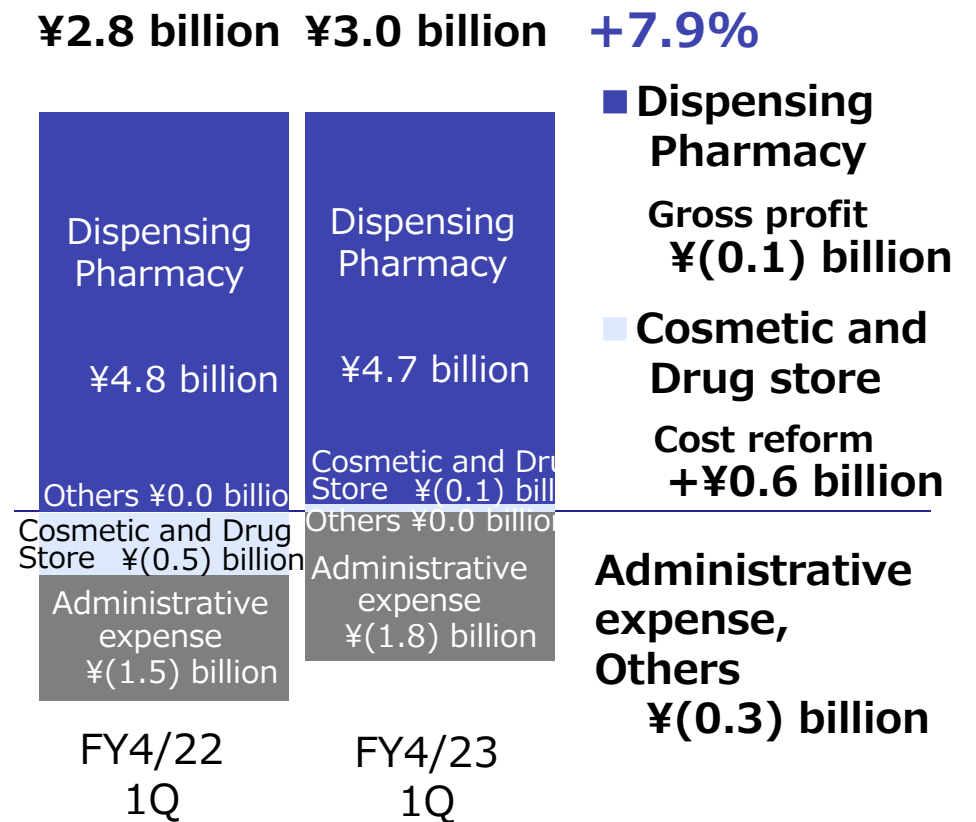
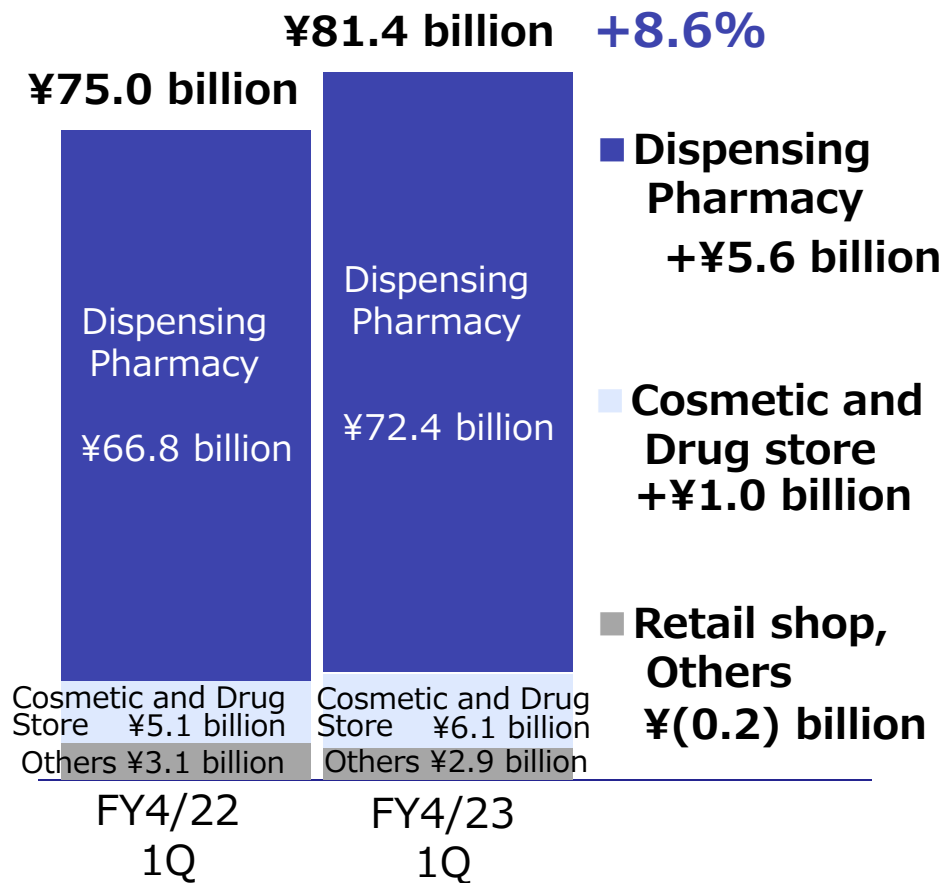
- ▶ the Ministry of Health, Labour and Welfare's Open Data on the COVID-19
- ▶ The period of declaration of the state of emergency is taken from the region with the longest period

Review (YoY)

Ordinary profit increased ¥0.2 billion due to increase of net sales in both dispensing pharmacy and cosmetic and drug store businesses.

Net sales **+¥6.4 billion**

Ordinary profit **+¥0.2 billion**



Strategy

Strategy

Expansion of top-line and increase profits

- Dispensing Pharmacy Plan to open **160 pharmacies** (Organic 48, M&A 112)
- Cosmetic and Drug Store Plan to open **10 stores**

Recruiting and training of human resources

- **Planning to hire 600 newly graduated pharmacists** (hired 660 new pharmacists in FY4/22)
- **Make the Field Manager system more established**
- Training of human resources

Reinforcing the Group's business base

- Improving the customer services by promoting DX, such as official apps
- Promoting Sustainability Management

Turnaround and expansion of AINZ&TULPE

- Opening stores in prime locations and optimizing costs

Expansion of top-line and increase profits 1

FY4/23 1Q Results

1,289

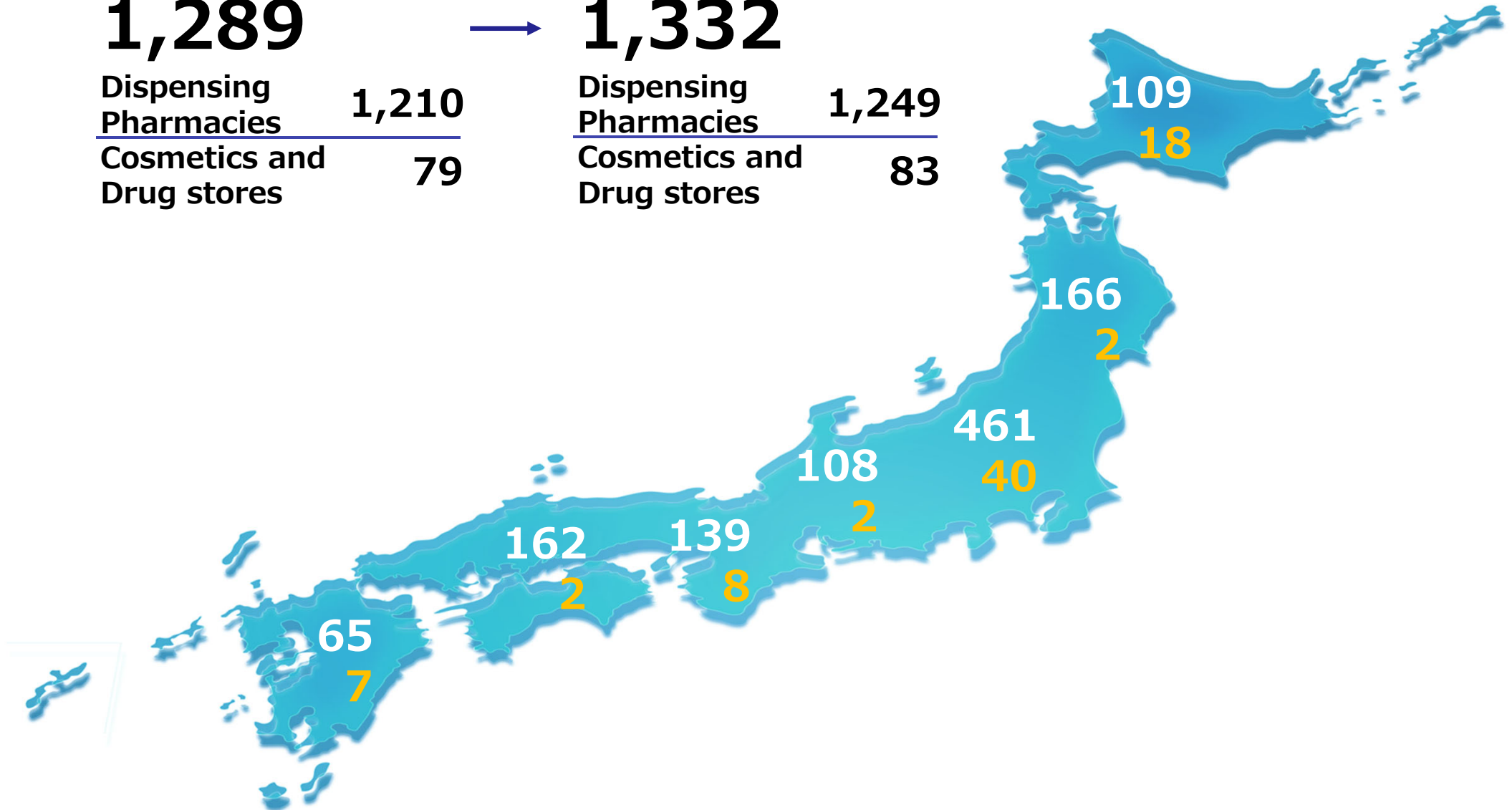
Dispensing Pharmacies	1,210
Cosmetics and Drug stores	79



FY4/23 Plan

1,332

Dispensing Pharmacies	1,249
Cosmetics and Drug stores	83



▶ □: Dispensing Pharmacies ■: Cosmetic and drug stores

Expansion of top-line and increase profits 2

■ Plan

		FY4/23 1Q		FY4/23
		Plan	Results	Plan
Opening	Dispensing Pharmacy	116	117	160
	Organic	8	8	48
	M&A	108	109	112
	Cosmetic and drug store	2	2	10
Total		118	119	170
Closure	Dispensing Pharmacy	4	6	10
	Cosmetic and drug store	2	1	5
Total		6	7	15
Dispensing Pharmacy		1,211	1,210	1,249
Cosmetic and drug store		78	79	83
Total no. of stores		1,289	1,289	1,332

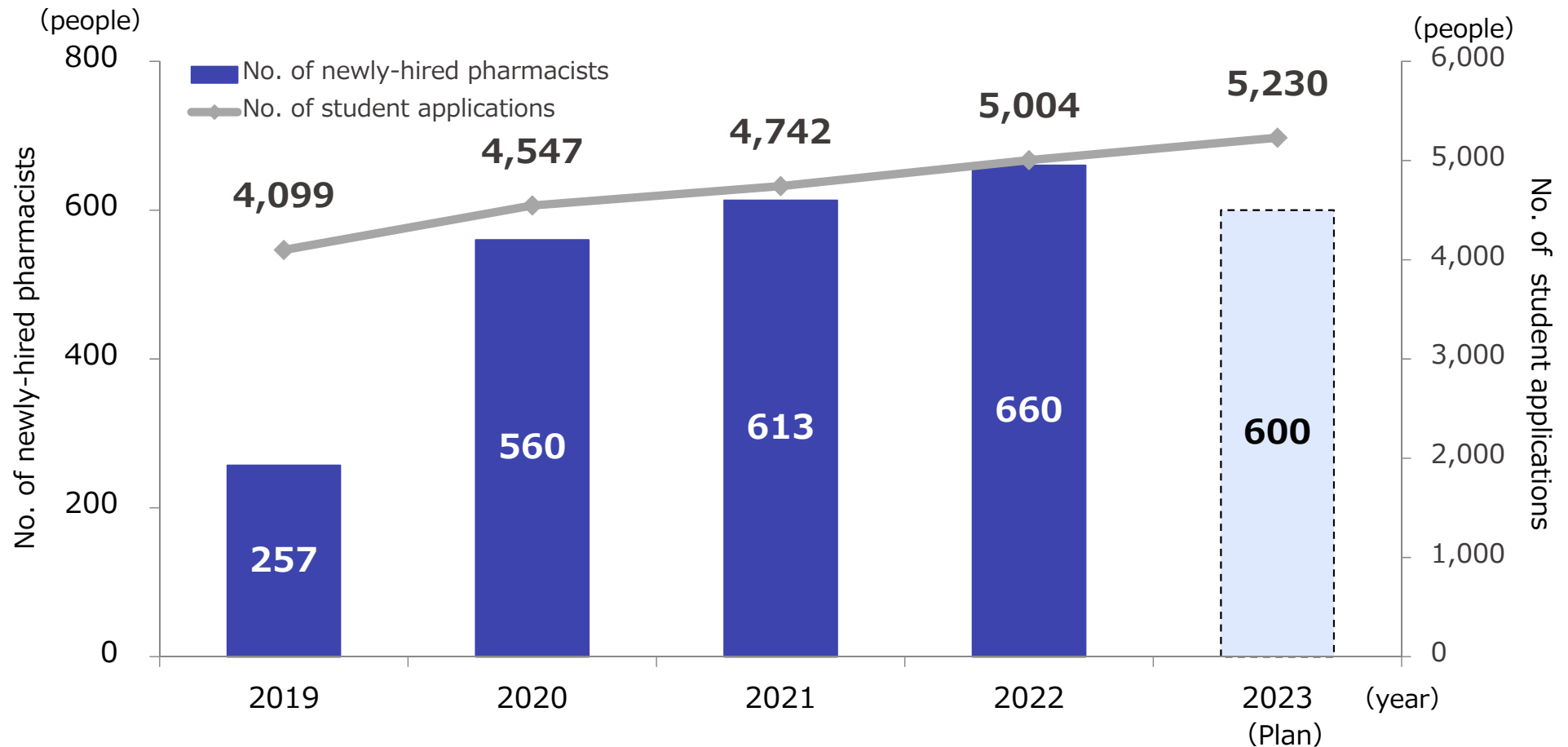
■ Transition of dispensing pharmacies

	FY4/17	FY4/18	FY4/19	FY4/20	FY4/21	FY4/22	FY4/23 1Q
Organic	27	25	23	14	15	25	8
M&A	182	11	134	6	14	24	109
EV/EBITDA ratio	5.50	3.96	4.88	3.71	3.74	4.13	6.87
Closed	24	73	54	64	52	15	6
Sold	2	32	30	42	34	5	1
No. of total stores	1,066	1,029	1,132	1,088	1,065	1,099	1,210

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

Recruiting and training of human resources

In April 2022, new 660 pharmacists has joined our group. We aim to hire roughly the same number in fiscal 2023. As of July 31,2022, the group has 6,154 pharmacists out of 13,774 employees.



AINZ & TULPE

AINZ & TULPE
plan to open in FY4/23

10 stores



MOSAICMALL Kohoku
(Opened in May 2022)



KOBE MOTOMACHI
(Opened in June 2022)



FUTAKO TAMAGAWA RISE
(Plan to open in
October 2022)



Tokyo
(Plan to open in
March 2023)

FY4/23 Plan (Consolidated)

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