

FY4/23 2Q
IR PRESENTATION

AIN HOLDINGS INC.
December 2022

Results Overview

Consolidated P/L

Net sales increased 11.9% YoY and declined 0.9% against the plan due to new store openings and contribution of existing stores, despite the impact of the COVID-19. Ordinary profit increased 18.9% YoY and declined 16.6% against the plan due to increase of sales.

(¥ million)	FY4/22 2Q results	FY4/23 2Q plan	FY4/23 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	152,972	172,833	171,204	+18,232	+11.9	(0.9)
Gross profit	22,838	27,288	24,986	+2,148	+9.4	(8.4)
% of net sales	14.9	15.8	14.6			
SG&A expenses	17,062	18,803	18,202	+1,140	+6.7	(3.2)
% of net sales	11.2	10.9	10.6			
Operating profit	5,776	8,485	6,784	+1,008	+17.5	(20.0)
% of net sales	3.8	4.9	4.0			
Ordinary profit	6,127	8,732	7,283	+1,156	+18.9	(16.6)
% of net sales	4.0	5.1	4.3			
Profit attributable to owners of parent	3,338	4,497	3,804	+466	+14.0	(15.4)
% of net sales	2.2	2.6	2.2			
Earnings per share(¥)	94.68	128.02	108.30	+13.62	+14.4	(15.4)

► Figures in the table are rounded down

Dispensing Pharmacy Business (Consolidated)

Net sales increased 11.9% YoY and declined 0.9% against the plan due to new store openings including M&A and contribution of stores opened previous year. Segment profit increased 2.6% YoY and declined 17.4% against the plan.

(¥ million)	FY4/22 2Q results	FY4/23 2Q plan	FY4/23 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	136,905	154,660	153,248	+16,343	+11.9	(0.9)
Gross profit	17,115	20,600	18,335	+1,220	+7.1	(11.0)
% of net sales	12.5	13.3	12.0			
SG&A expenses	6,902	7,799	8,000	+1,098	+15.9	+2.6
% of net sales	5.0	5.0	5.2			
Operating profit	10,212	12,800	10,334	+122	+1.2	(19.3)
% of net sales	7.5	8.3	6.7			
Segment profit	10,491	13,040	10,769	+278	+2.6	(17.4)
% of net sales	7.7	8.4	7.0			
Number of pharmacies	1,091	1,213	1,209	+118	+10.8	(0.3)

► Figures in the table are rounded down

Cosmetic and Drug Store Business (Consolidated)

Net sales up 24.3% YoY and 0.1% 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 ¥349 million, ¥403 million above the plan.

(¥ million)	FY4/22 2Q results	FY4/23 2Q plan	FY4/23 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	9,816	12,195	12,205	+2,389	+24.3	+0.1
Gross profit	3,321	4,534	4,562	+1,241	+37.4	+0.6
% of net sales	33.8	37.2	37.4			
SG&A expenses	4,475	4,588	4,244	(231)	(5.2)	(7.5)
% of net sales	45.6	37.6	34.8			
Operating profit	(1,153)	(54)	317	+1,470	-	-
% of net sales	-	-	2.6			
Segment profit	(1,125)	(54)	349	+1,474	-	-
% of net sales	-	-	2.9			
Number of stores	72	81	78	+6	+8.3	(3.7)

► Figures in the table are rounded down

Consolidated B/S

Net cash became ¥32,608 million and shareholders' equity ratio became 52.3%. We are maintaining a sound financial structure even under the ongoing COVID-19 situation.

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 2Q				(¥ million)
Assets		Liabilities		
Current assets	98,288	Current liabilities	93,308	
Cash on hand and in banks	46,723	Short-term debt	3,776	
Fixed assets	132,853	Long-term liabilities	16,964	
Goodwill	48,388	Long-term debt	10,038	
Deferred assets	-	Total net assets	120,869	
Total assets	231,141	Total liabilities and net assets	231,141	
Net cash				32,608
Shareholders' equity ratio(%)				52.3

- ▶ 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 ¥18,680 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 2Q	End-FY4/22	End-FY4/23 2Q	Change
Cash on hand and in banks	58,692	59,729	46,723	(13,006)
Notes and accounts receivable	9,928	10,110	12,147	+2,037
Inventories	16,312	14,790	21,440	+6,650
Total current assets	98,561	100,765	98,288	(2,477)
Buildings and structures, net	17,034	17,512	19,983	+2,471
Land	10,030	8,581	10,585	+2,004
Total property, plant and equipment	31,266	30,636	36,903	+6,267
Goodwill	39,133	36,352	48,388	+12,036
Total intangible fixed assets	43,180	41,219	53,717	+12,498
Investments in securities	2,429	2,503	2,811	+308
Deferred tax assets	4,629	5,319	6,069	+750
Deposits and guarantees	22,951	22,785	23,070	+285
Total investments and other assets	37,434	39,840	42,232	+2,392
Total fixed assets	111,881	111,696	132,853	+21,157
Total deferred assets	-	-	-	-
Total assets	210,442	212,461	231,141	+18,680

▶ Figures in the table are rounded down ▶ Change: End-FY4/23 2Q compared with End-FY4/22

▶ Capital expenditures (Property, plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥5,997 million

Liabilities and Net Assets

Accounts payable increased ¥9,963 million due to new store openings including M&A. Short-term and long-term debt increased ¥5,356 million.

(¥ million)	End-FY4/22 2Q	End-FY4/22	End-FY4/23 2Q	Change
Accounts payable	51,465	50,756	60,719	+9,963
Short-term debt	3,051	2,643	3,776	+1,133
Total current liabilities	81,959	81,805	93,308	+11,503
Long-term debt	6,860	5,815	10,038	+4,223
Total long-term liabilities	12,672	11,645	16,964	+5,319
Total liabilities	94,632	93,450	110,272	+16,822
Common stock	21,894	21,894	21,894	-
Capital surplus	20,500	20,500	20,504	+4
Retained earnings	74,907	78,661	80,533	+1,872
Total shareholders' equity	115,899	119,038	120,932	+1,894
Total net assets	115,810	119,010	120,869	+1,859
Total liabilities and net assets	210,442	212,461	231,141	+18,680

▶ Figures in the table are rounded down ▶ Change: End-FY4/23 2Q compared with End-FY4/22

Consolidated C/F

Cash and cash equivalents at the end of the period decreased ¥14,918 million from the previous year due to decrease of net cash used in investing activities by ¥10,356 million resulting from a large M&A transaction, but the company maintained ample cash.

(¥ million)	FY4/22 2Q	FY4/23 2Q	Change
Net cash provided by operating activities	17,314	8,457	(8,857)
Profit before income taxes	6,064	7,165	+1,101
Depreciation and amortization	2,117	2,567	+450
Amortization of goodwill	2,055	2,115	+60
(Increase) decrease in accounts receivable	4,245	1,694	(2,551)
(Increase) decrease in inventories	(1,707)	(4,890)	(3,183)
(Increase) decrease in other accounts receivable	(1,316)	(1,659)	(343)
Increase (decrease) in accounts payable	3,983	5,255	+1,272
Net cash used in investing activities	(8,261)	(18,617)	(10,356)
Payments for purchases of property, plant and equipment and intangible fixed assets	(3,590)	(5,680)	(2,090)
Purchase of subsidiaries' shares resulting in obtaining controls	(2,223)	(14,602)	(12,379)
Net cash used in financing activities	(5,630)	(5,794)	(164)
Net increase (decrease) in cash and cash equivalents	3,422	(15,955)	(19,377)
Cash and cash equivalents at end of the year	58,432	43,514	(14,918)

▶ Figures in the table are rounded down

Business Value Analysis

	FY4/22 2Q	FY4/22	FY4/23 2Q	Change
Shareholders' equity ratio (%)	55.0	56.0	52.3	(2.7)
Market value equity ratio (%)	112.3	96.6	95.0	(17.3)
PER (times)	35.43	28.99	28.86	(6.57)
EPS (¥)	94.68	201.47	108.30	+13.62
PBR (times)	2.05	1.74	1.83	(0.22)
BPS (¥)	3,285.58	3,385.51	3,438.38	+152.8
ROA (%)	1.6	3.4	1.7	+0.1
ROE (%)	2.9	6.0	3.2	+0.3
EBITDA (¥ million)	9,949	24,065	11,467	+1,518
EV/EBITDA (times)	19.17	6.54	16.60	(2.57)
Net D/E ratio (times)	(0.42)	(0.43)	(0.27)	+0.15
Net cash (¥ million)	48,529	51,030	32,608	(15,921)
Shareholders' value (¥ million)	239,434	208,305	222,986	(16,448)
Market capitalization (¥ million)	236,375	205,143	219,562	(16,813)

- ▶ Figures in the table are rounded down ▶ Change : FY4/23 2Q compared with FY4/22 2Q
- ▶ Net D/E ratio = (Interest-bearing debt – Cash on hand and in banks) / Shareholders' equity
- ▶ Net cash = Cash on hand and in banks – Interest-bearing debt
- ▶ Shareholders' value = EV – Net interest-bearing debt
- ▶ Market capitalization : Treasury stock is excepted
- ▶ Share prices used to calculate market capitalization:
End-FY4/22 2Q ¥6,710 (End-Oct,2021), End-FY4/22 ¥5,840 (End-Apr,2022), End-FY4/23 2Q ¥6,250 (End-Oct,2022).

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.

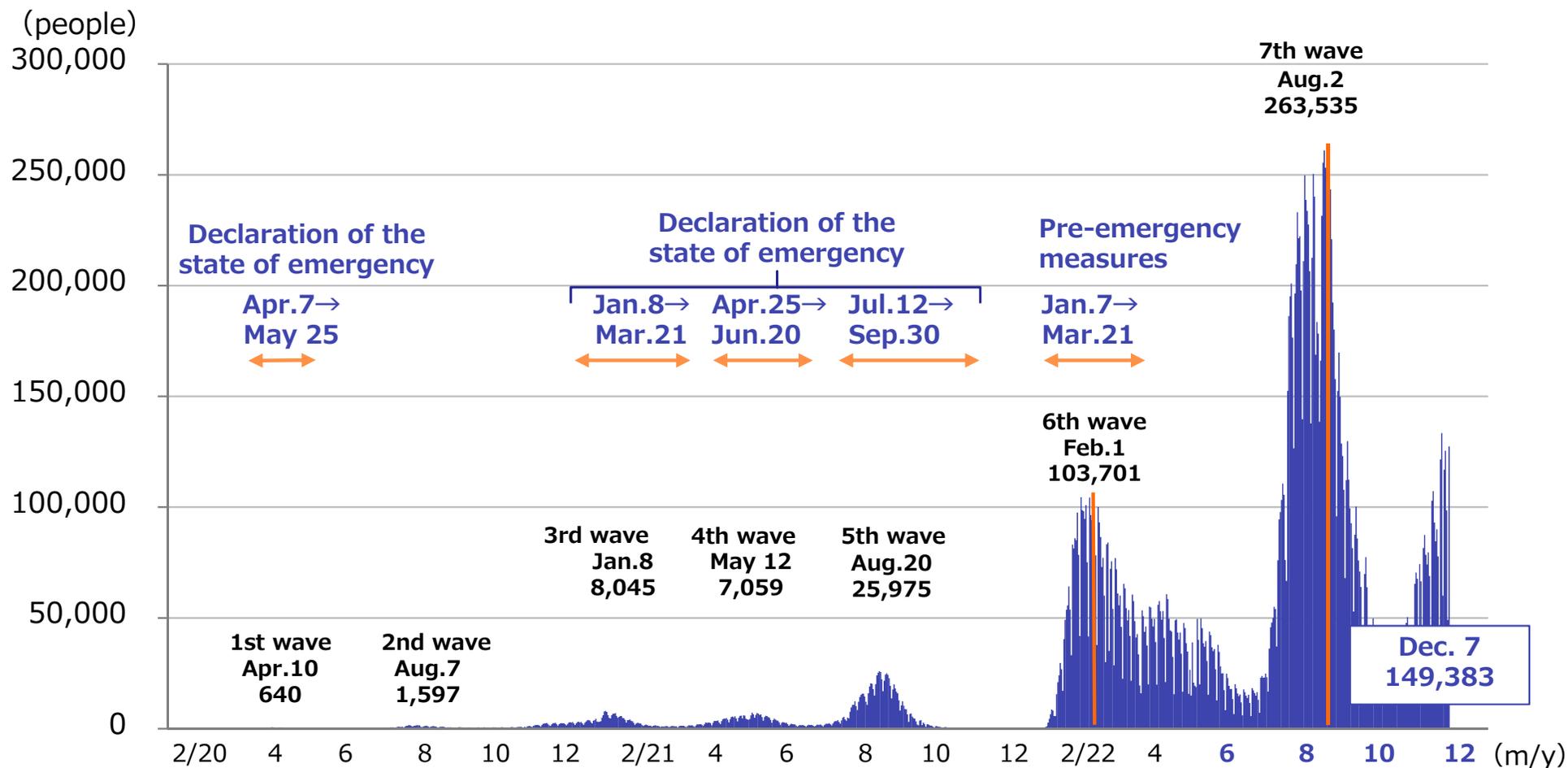
(¥ million)	FY4/21 results	FY4/22 results	FY4/23 plan	YoY change	YoY change(%)
Net sales	297,305	316,247	363,000	+46,753	+14.8
Gross profit	46,155	49,971	58,720	+8,749	+17.5
% of net sales	15.5	15.8	16.2		
SG&A expenses	35,222	34,832	38,720	+3,888	+11.2
% of net sales	11.8	11.0	10.7		
Operating profit	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 December 7, the number of domestic cases of the COVID-19 infection and deaths was 25,554,733 and 50,819, respectively.



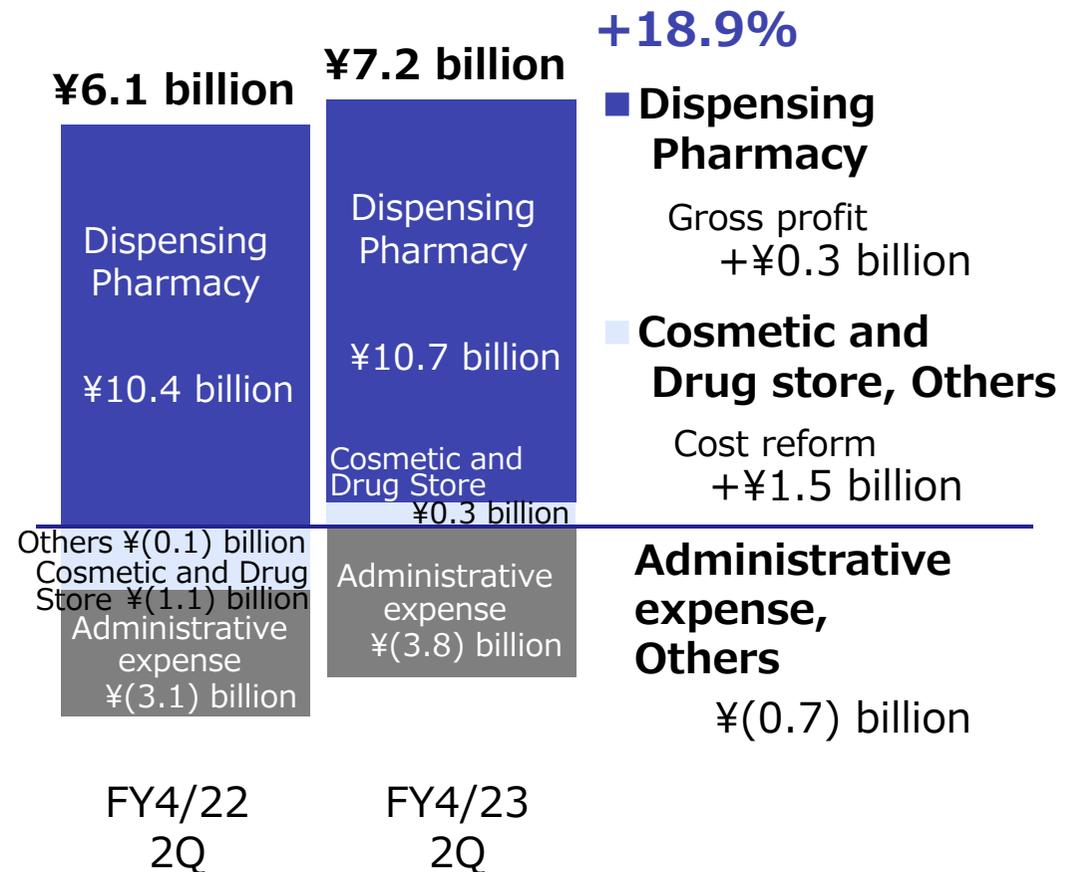
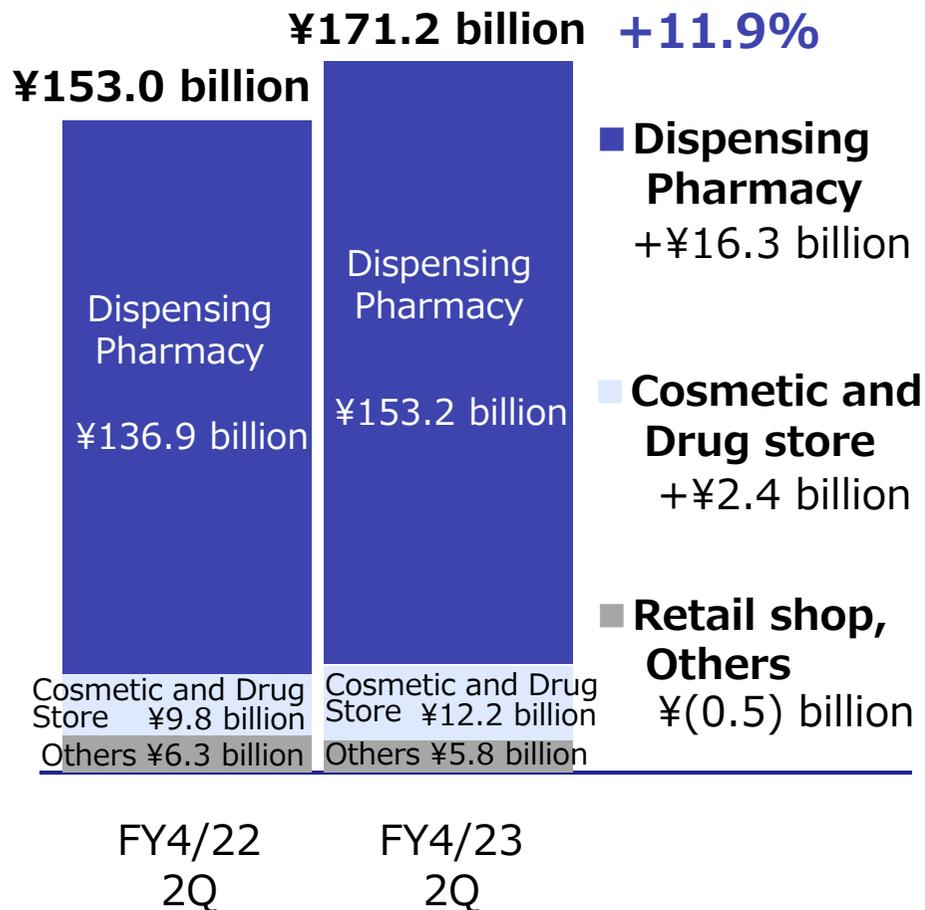
- ▶ The Ministry of Health, Labour and Welfare's Open Data on the COVID-19
- ▶ The period of declaration of the state of emergency is taken from the region with the longest period

Review (YoY)

Ordinary profit increased ¥1.1 billion due to increase of net sales in both dispensing pharmacy and cosmetic and drug store businesses.

Net sales +¥18.2 billion

Ordinary profit +¥1.1 billion

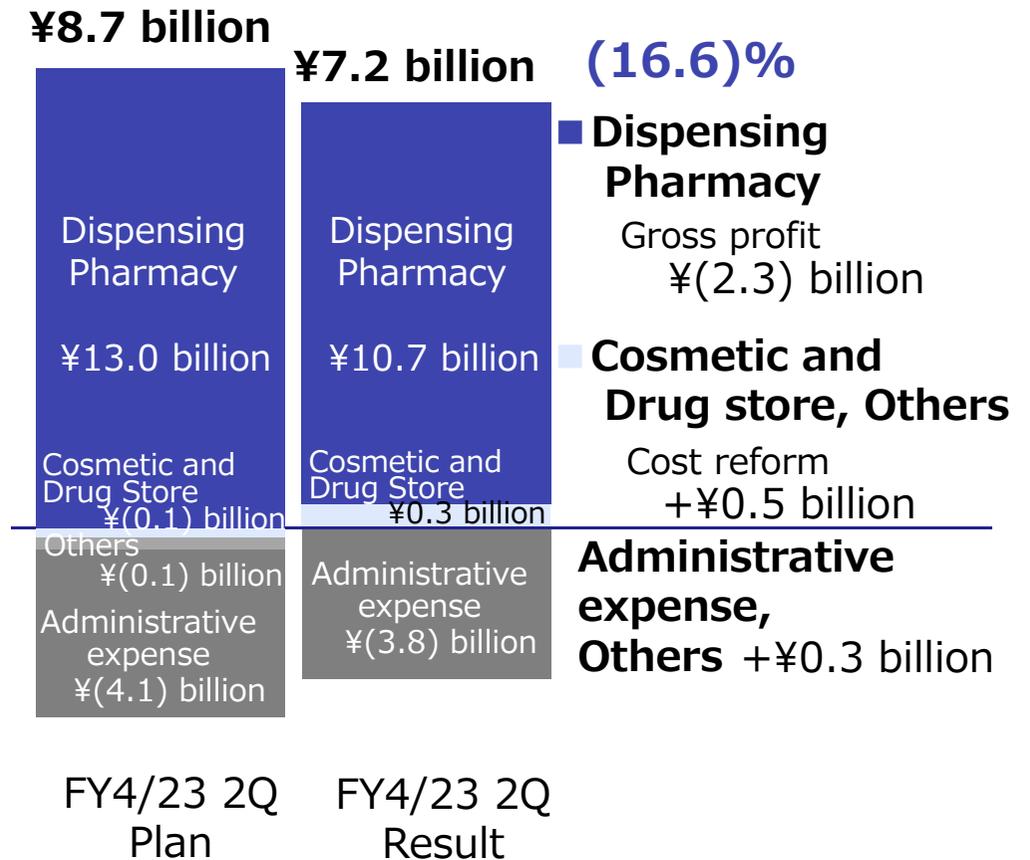
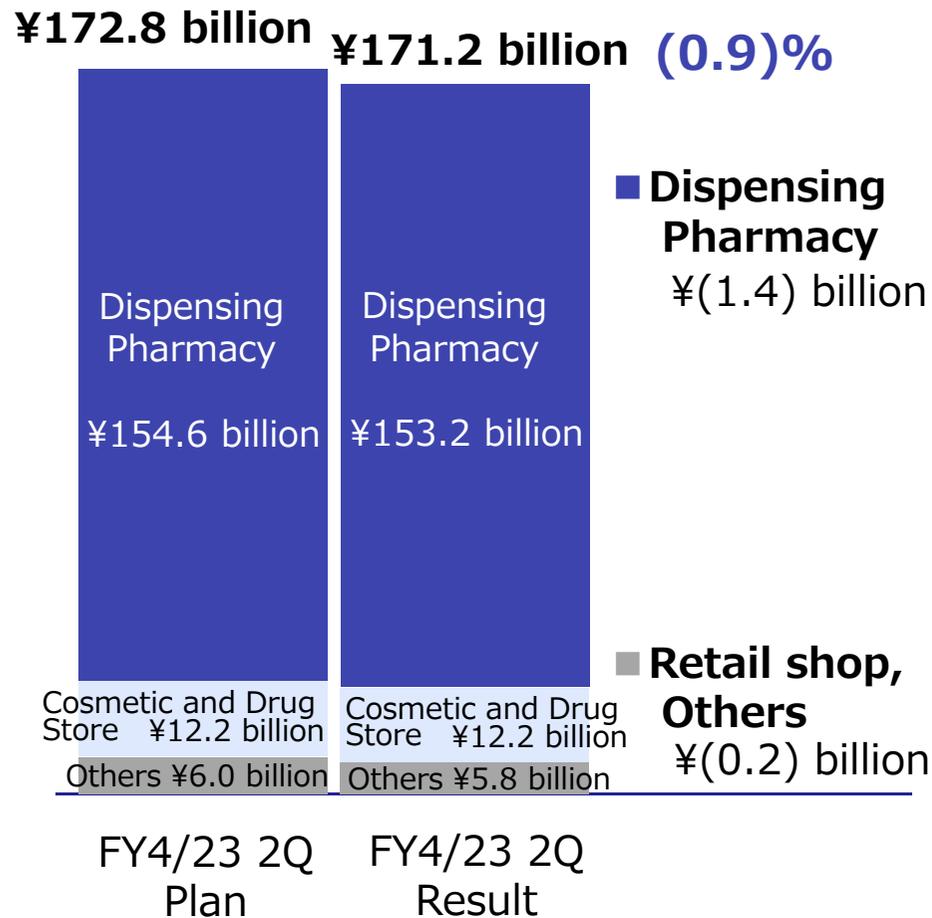


Review (vs Plan)

Net sales decrease ¥1.6 billion and ordinary profit ¥1.5 billion against the plan due to below-plan prescription volume.

Net sales **¥(1.6) billion**

Ordinary profit **¥(1.5) billion**



Strategy

Strategy

Expansion of top-line

- 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 500 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

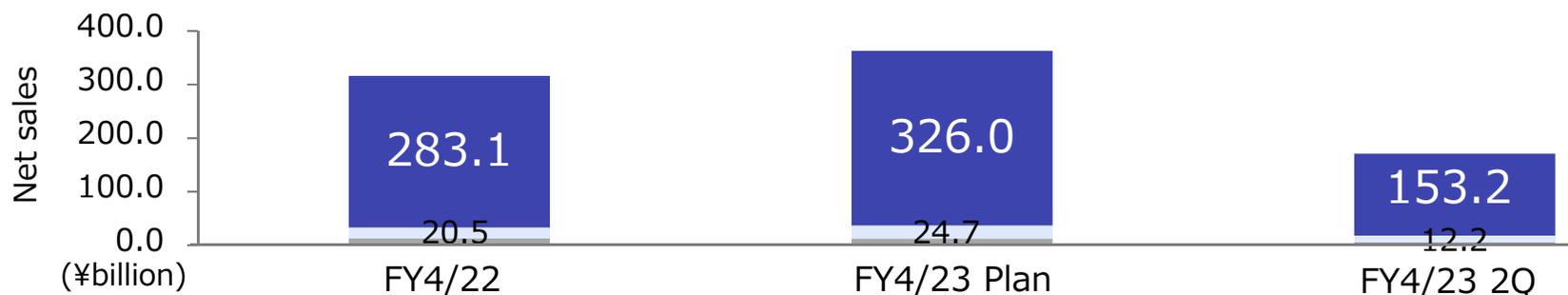
Expansion of top-line

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

■ Top-line

¥316.2 billion $\nearrow +14.8\%$ ¥363.0 billion \rightarrow ¥171.2 billion

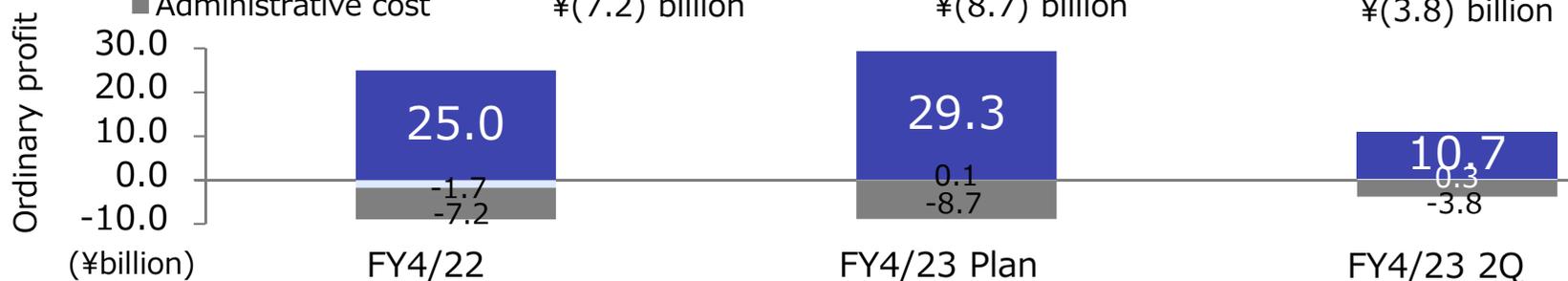
Category	FY4/22	FY4/23 Plan	FY4/23 2Q
Dispensing Pharmacy	¥283.1 billion	¥326.0 billion	¥153.2 billion
Cosmetic and Drug store	¥20.5 billion	¥24.7 billion	¥12.2 billion
Others	¥12.6 billion	¥12.3 billion	¥5.8 billion



■ Profit

¥16.0 billion $\nearrow +27.8\%$ ¥20.5 billion \rightarrow ¥7.2 billion

Category	FY4/22	FY4/23 Plan	FY4/23 2Q
Dispensing Pharmacy	¥25.0 billion	¥29.3 billion	¥10.7 billion
Cosmetic and Drug store	¥(1.7) billion	¥0.1 billion	¥0.3 billion
Others	¥(0.1) billion	¥(0.2) billion	¥0.0 billion
Administrative cost	¥(7.2) billion	¥(8.7) billion	¥(3.8) billion



Expansion of top-line

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

FY4/23 2Q Results

1,287

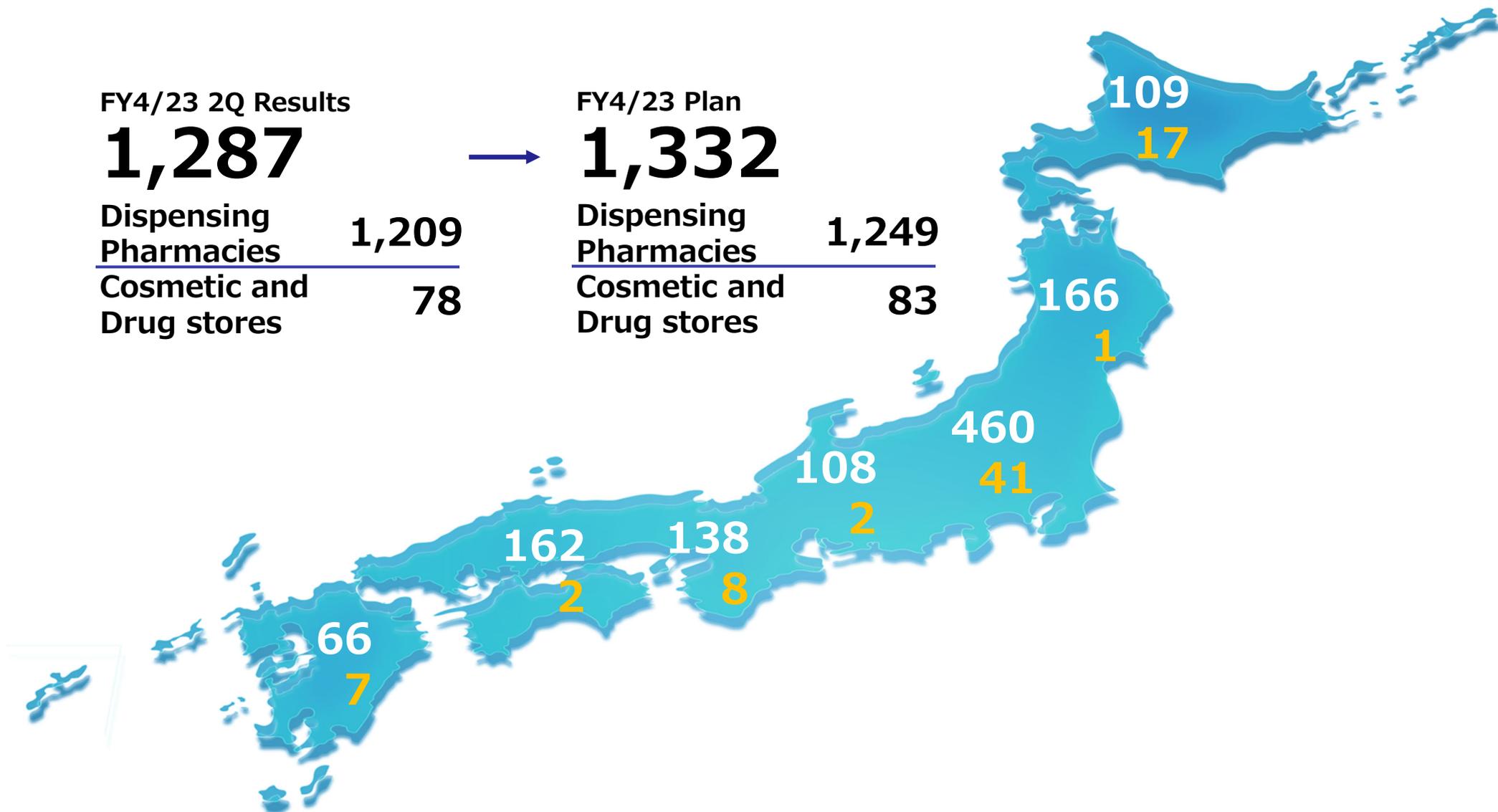
Dispensing Pharmacies	1,209
Cosmetic and Drug stores	78



FY4/23 Plan

1,332

Dispensing Pharmacies	1,249
Cosmetic and Drug stores	83



▶ □: Dispensing Pharmacies ■: Cosmetic and Drug stores

Expansion of top-line

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

■ Plan

		FY4/23 2Q		FY4/23
		Plan	Results	Plan
Opening	Dispensing Pharmacy	121	124	160
	Organic	13	12	48
	M&A	108	112	112
	Cosmetic and drug store	5	4	10
Total		126	128	170
Closure	Dispensing Pharmacy	7	14	10
	Cosmetic and drug store	2	4	5
	Total	9	18	15

■ Transition of dispensing pharmacies

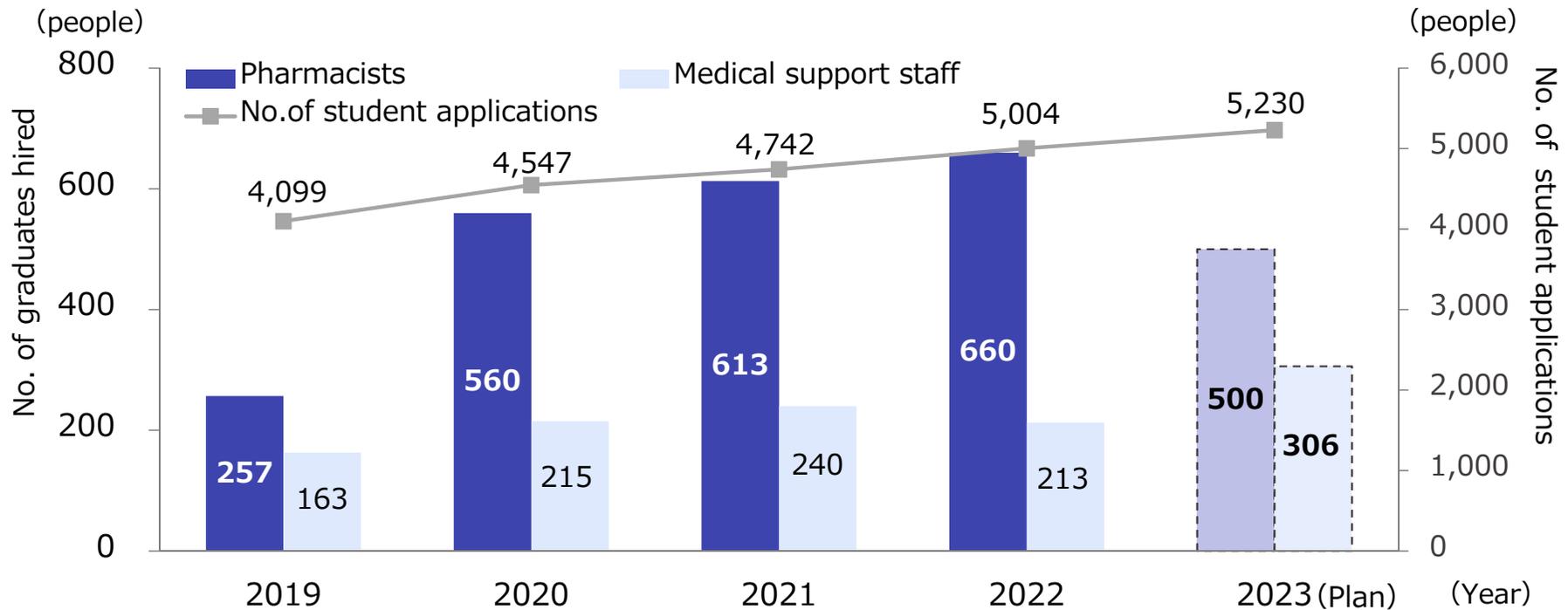
	FY4/17	FY4/18	FY4/19	FY4/20	FY4/21	FY4/22	FY4/23 2Q
Organic	27	25	23	14	15	25	12
M&A	182	11	134	6	14	24	112
EV/EBITDA ratio	5.50	3.96	4.88	3.71	3.74	4.13	6.79
Closed	24	73	54	64	52	15	14
Sold	2	32	30	42	34	5	6
No. of total stores	1,066	1,029	1,132	1,088	1,065	1,099	1,209

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

Recruiting and training of human resources

- **Planning to hire 500 newly graduated pharmacists** (hired 660 new pharmacists in FY4/22)
- **Make the Field Manager system more established**
- **Training of human resources**

In April 2022, new 660 pharmacists has joined our group. We aim to hire 500 pharmacists, in fiscal 2023. As of October 30, 2022, the group has 6,005 pharmacists out of 13,523 employees.



Reinforcing the Group's business base

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

We have conducted our corporate activities with common sense and ethics in order to realize our group statement of "the health and happiness of our customers" through our businesses contributing to people's health and beauty. Going forward, we will achieve sustainable corporate growth, create social, environmental, and economic value, and realize sustainable management by changing and acting on our own initiative, considering our customers and other diverse stakeholders.

1. Contribute to local healthcare

Pharmacies contributing to medical care that "treats and supports in the entire community"



2. Provide beauty and happiness

Providing beauty and happiness to enjoy daily life in today's society



3. Safety, peace of mind and trust

Delivering safety, peace of mind, and trust through daily operations

Preamble
"realize the human rights of all"



5. Ensure sound management base

Strengthen a sound management base

Preamble
"realize the human rights of all"



6. Cooperate with local communities and businesses

Promoting a healthy society and sustainability activities with local communities and supply chains



4. Protect the environment and reduce environmental impact

Contribute to environmental protection and load reduction



Reinforcing the Group's business base

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

In order to realize a sustainable society, it is important to work not only within the Group but also throughout the entire supply chain. We are promoting "CSR procurement" as one of our initiatives.

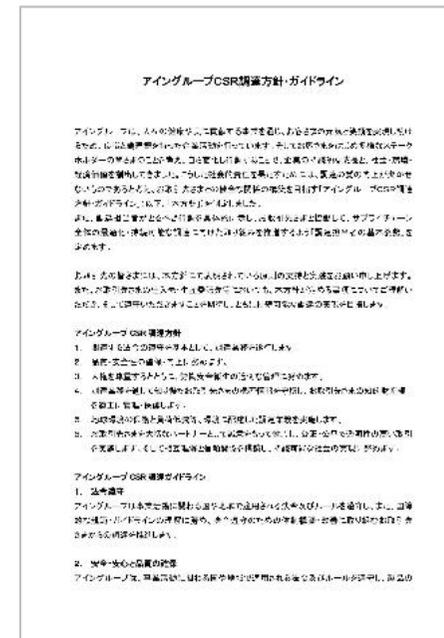
6.Cooperate with local communities and businesses

Promoting a healthy society and sustainability activities with local communities and supply chains



November 1, 2022, We formulated and disclosed the "AIN Group CSR Procurement Policy and Guidelines" by resolution of the Board of Directors.

We will promote awareness of the guidelines within our group and among our suppliers, and work together to promote sustainability activities.



Turnaround and expansion of AINZ&TULPE

- Opening stores in prime locations and optimizing costs

AINZ & TULPE
Already opened in FY4/23

4 stores



KOBE MOTOMACHI
(Opened in June 2022)



STELLAR PLACE Sapporo
(Opened in October 2022)



MOSAICMALL Kohoku
(Opened in May 2022)



FUTAKO TAMAGAWA RISE
(Opened in October 2022)

FY4/23 Plan (Consolidated)

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% 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

Inquiries related to this presentation should be addressed to

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