

## Summary of Financial Statements for the First Quarter of Fiscal Year Ending April 2023

[Japan GAAP] (Consolidated)

September 2, 2022

Name of listed company: **AIN HOLDINGS INC.**  
Exchange listed on: Prime Market of Tokyo Stock Exchange and Sapporo Securities Exchange  
Code number: 9627 URL: <https://www.ainj.co.jp/>  
Representative: Kiichi Otani, President and Representative Director  
Inquiries: Toshihide Mizushima, Representative Senior Managing Director  
TEL: +81-11-814-1000

Date of filing quarterly securities report: September 14, 2022  
Start of dividend payment: –  
Supplementary documents for quarterly results: Yes (Supplementary materials for the quarterly results are disclosed on the Company's website appropriately as the financial statements.)  
Quarterly results briefing: No

(Amounts are rounded down to the nearest million yen.)

1. Consolidated results for the first quarter of fiscal year ending April 30, 2023 (May 1, 2022 to July 31, 2022)

(1) Consolidated operating results

(Percentage figures show year-on-year changes.)

|                                  | Net sales   |     | Operating profit |       | Ordinary profit |      | Profit attributable to owners of parent |      |
|----------------------------------|-------------|-----|------------------|-------|-----------------|------|---|------|
|                                  | Million yen | %   | Million yen      | %     | Million yen     | %    | Million yen                             | %    |
| Three months ended July 31, 2022 | 81,470      | 8.6 | 2,753            | 5.4   | 3,089           | 7.9  | 1,704                                   | 30.2 |
| Three months ended July 31, 2021 | 75,011      | 5.0 | 2,611            | 124.3 | 2,864           | 73.1 | 1,309                                   | 54.6 |

(Note) Comprehensive income: Three months ended July 31, 2022: ¥1,695 million (+33.0%)  
Three months ended July 31, 2021: ¥1,274 million (+49.5%)

|                                  | Earnings per share | Diluted earnings per share |
|----------------------------------|--------------------|----------------------------|
|                                  | Yen                | Yen                        |
| Three months ended July 31, 2022 | 48.53              | –                          |
| Three months ended July 31, 2021 | 37.10              | –                          |

(2) Consolidated financial position

|                      | Total assets | Net assets  | Shareholders' equity ratio |
|----------------------|--------------|-------------|----------------------------|
|                      | Million yen  | Million yen | %                          |
| As of July 31, 2022  | 228,394      | 118,773     | 52.0                       |
| As of April 30, 2022 | 212,461      | 119,010     | 56.0                       |

(Reference) Shareholders' equity: As of July 31, 2022: ¥118,687 million As of April 30, 2022: ¥118,923 million

2. Dividends

|                                       | Dividend per share   |                       |                      |             |           |
|---------------------------------------|----------------------|-----------------------|----------------------|-------------|-----------|
|                                       | End of first quarter | End of second quarter | End of third quarter | End of year | Full year |
|                                       | Yen                  | Yen                   | Yen                  | Yen         | Yen       |
| Year ended April 30, 2022             | –                    | 0.00                  | –                    | 55.00       | 55.00     |
| Year ending April 30, 2023            | –                    |                       |                      |             |           |
| Year ending April 30, 2023 (forecast) |                      | 0.00                  | –                    | 60.00       | 60.00     |

(Note) Revision to the most recently announced dividend forecasts: No

3. Consolidated financial forecasts for the fiscal year ending April 30, 2023 (May 1, 2022 to April 30, 2023)

(Percentage figures show year-on-year changes.)

|                  | Net sales   |      | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |      | Earnings per share |
|------------------|-------------|------|------------------|------|-----------------|------|---|------|--------------------|
|                  | Million yen | %    | Million yen      | %    | Million yen     | %    | Million yen                             | %    | Yen                |
| First six months | 172,833     | 13.0 | 8,485            | 46.9 | 8,732           | 42.5 | 4,497                                   | 34.7 | 128.02             |
| Full year        | 363,000     | 14.8 | 20,000           | 32.1 | 20,500          | 27.8 | 11,000                                  | 55.1 | 313.15             |

(Note) Revision to the most recently announced consolidated financial forecasts: No

\*Notes

(1) Major changes in subsidiaries during the period (changes in specified subsidiaries resulting from changes in scope of consolidation): No

Newly consolidated: – Excluded: –

(2) Application of specified accounting methods for the preparation of quarterly consolidated financial statements: Yes

(Note) For detail, please refer to “2. Quarterly consolidated financial statements and major notes (3) Notes on quarterly consolidated financial statements” on page 8 of the Attachment.

(3) Changes in accounting principles, changes in accounting estimates, and restatement of revisions

1) Changes in accounting principles as a result of revisions to accounting standards, etc.: Yes

2) Changes in accounting principles other than 1): No

3) Changes in accounting estimates: No

4) Restatement of revisions: No

(4) Number of outstanding shares (common stock)

|   |                                  |                   |                                  |                   |
|---|----------------------------------|-------------------|----------------------------------|-------------------|
| 1) Number of outstanding shares (including treasury stock): | As of July 31, 2022              | 35,428,212 shares | As of April 30, 2022             | 35,428,212 shares |
| 2) Number of shares held in treasury:                       | As of July 31, 2022              | 300,911 shares    | As of April 30, 2022             | 300,911 shares    |
| 3) Average number of shares outstanding:                    | Three months ended July 31, 2022 | 35,127,301 shares | Three months ended July 31, 2021 | 35,293,974 shares |

\*This Summary of Financial Statements is outside the scope of quarterly review procedures.

\*Statement regarding the proper use of financial forecasts and other special remarks

(Caution concerning forward-looking statements)

The above forecasts are calculated based on the information available as of the publication date of this material, and actual financial results may vary due to change in future economic conditions and others.

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## 1. Qualitative information on consolidated results for the period under review

### (1) Consolidated operating results

During the first three months of the current fiscal year (May 1, 2022 to July 31, 2022), the Japanese economy continued to face tough conditions due to the impact of the COVID-19 pandemic, but there were signs of a moderate pickup in consumer spending and the wider economy amid rigorous measures to control the spread of infection. However, the outlook remains uncertain due to risks related to fluctuations in financial and capital markets, rising raw material prices and supply-side constraints.

In this economic environment, the AIN HOLDINGS Group (the Group) rigorously implemented measures to prevent the spread of COVID-19 and worked to provide healthcare and retail services, in line with its mission to “contribute to local healthcare” and “provide beauty and happiness” – two of the Group’s materiality issues. The Group is also actively working to play its part in Japan’s local healthcare system, with dispensing pharmacies and pharmacists fulfilling their respective roles, such as carrying out antigen and PCR tests and providing antigen test kits, offering guidance over the phone to people suffering from high fever, and promptly delivering pharmaceutical products.

In May 23, 2022 the Company acquired all the shares of Pharmacy Holdings Co. Ltd., which operates approximately 100 dispensing pharmacies nationwide, making it a subsidiary. The acquisition will allow the Group to further enhance patient services by combining mutual business expertise across its chain of more than 1,200 pharmacies, increasing the Group’s corporate value as part of community healthcare provision throughout Japan.

Recognizing the importance of creating a sustainable society amid the growing impact of climate change, the Group is tackling another materiality issue, “protect the environment and reduce environmental impact.” In April 2022 the Group endorsed the final report of the TCFD\* and joined the TCFD Consortium. In addition, in July 2022, the Group adopted four disclosure items from the TCFD recommendations and published them on its website. Going forward, we will continue efforts to realize a sustainable society, aiming to achieve sustainability management by considering the needs of customers and other stakeholders and adapting the Group’s actions independently in order to generate sustainable corporate growth and create social, environmental and economic value.

In the first three months of the fiscal year, net sales increased 8.6% year on year to ¥81,470 million, operating profit increased 5.4% to ¥2,753 million, ordinary profit increased 7.9% to ¥3,089 million, and profit attributable to owners of parent increased 30.2% to ¥1,704 million.

\*Task Force on Climate-Related Financial Disclosures, established by the Financial Stability Board (FSB) at the request of the G20 finance ministers and central bank governors; the task force published its recommendations in its final report in June 2017.

Financial results by business segment are as follows.

#### (Dispensing pharmacy business)

The Group’s dispensing pharmacies have been fully committed to tackling the COVID-19 pandemic, backed by a strong sense of mission to play a role in community healthcare. This steadfast commitment to fulfilling the expected role of pharmacies has included offering free antigen/PCR testing at approximately 800 pharmacies nationwide and selling antigen test kits at almost all the Group’s pharmacies.

In addition, we believe it is important for our specialized medical institution coordination pharmacies, local community coordination pharmacies and community pharmacies to work closely together to become the dispensing pharmacies needed by local communities. To achieve this aim, we are promoting initiatives to strengthen cooperation among pharmacies, such as exploring the potential for information sharing and holding joint training sessions, so that we can provide beneficial, high-quality pharmacy services to patients when they return to local family doctors from university hospitals and other key regional hospitals. We will continue to work actively to improve the quality of prescription drug-based treatments and build a comprehensive community care system that enables patients to consistently access high-quality pharmacy services.

In business development, approximately 100 dispensing pharmacies operated by Pharmacy Holdings Co. Ltd. joined the Group on May, 2022. The Group is targeting further business expansion through a strategy of actively opening large pharmacies and using M&A deals that emphasize investment returns, while also improving pharmacy operating efficiency.

As a result, for the first three months of the fiscal year, the dispensing pharmacy business reported sales of ¥72,482 million, up 8.5% year on year and segment profit of ¥4,731 million, down 3.0%.

During the period under review, the Group opened 117 new dispensing pharmacies, including those acquired through M&A deals, closed five, and sold one, resulting in a total of 1,210.

#### (Cosmetic and drug store business)

The cosmetic and drug store business continued to face a challenging market environment due to the impact of the COVID-19 pandemic, but the Group continued to reinforce the merchandise lineup and develop attractive retail areas, while also opening stores in locations with good prospects for profitability and optimizing costs.

As a result, for the first three months of the fiscal year, the cosmetic and drug store business reported sales of ¥6,086

million, up 20.2% year on year and segment profit of ¥164 million compared with the loss of ¥503 million a year earlier.

During the same period, the Group opened two AINZ & TULPE stores and closed one store, resulting in a total of 79 cosmetic and drug stores at the end of the period.

(Other businesses)

Net sales from other businesses decreased 7.1% year on year to ¥2,920 million and segment profit decreased 63.3% to ¥4 million.

## **(2) Consolidated financial position**

The balance of total assets at the end of the first quarter increased by ¥15,932 million from the end of the previous fiscal year to ¥228,394 million. This mainly reflected increases for goodwill and merchandise, etc. due to the opening of new stores and dispensing pharmacies, including sites acquired through M&A.

The balance of liabilities increased ¥16,169 million to ¥109,620 million. The main factors were increases for accounts payable and borrowings.

The balance of short- and long-term borrowings increased by ¥6,926 million to ¥15,385 million. The main factor was the subsidiary newly included in the scope of consolidation from the first quarter of the current fiscal year.

Total net assets decreased by ¥236 million to ¥118,773 million and the shareholders' equity ratio decreased 4.0 percentage points to 52.0%.

## **(3) Forecast of consolidated financial results and other forward-looking information**

There are no changes to the Group's consolidated financial forecasts for the first six months or the fiscal year ending April 30, 2023, which were released on June 3, 2022.

**2. Quarterly consolidated financial statements and major notes****(1) Quarterly consolidated balance sheet**

(Million yen)

|                                       | Fiscal year ended<br>April 30, 2022<br>(As of April 30, 2022) | Three months ended<br>July 31, 2022<br>(As of July 31, 2022) |
|---------------------------------------|---|--|
| <b>Assets</b>                         |   |  |
| Current assets                        |   |  |
| Cash and deposits                     | 59,729  | 46,863   |
| Notes and accounts receivable - trade | 10,110  | 12,697   |
| Merchandise                           | 14,568  | 19,287   |
| Supplies                              | 222   | 216  |
| Short-term loans receivable           | 306   | 220  |
| Accounts receivable - other           | 11,832  | 11,961   |
| Other                                 | 3,995   | 4,916  |
| Total current assets                  | 100,765   | 96,163   |
| Non-current assets                    |   |  |
| Property, plant and equipment         |   |  |
| Buildings and structures, net         | 17,512  | 19,505   |
| Land                                  | 8,581   | 10,637   |
| Other, net                            | 4,542   | 5,612  |
| Total property, plant and equipment   | 30,636  | 35,755   |
| Intangible assets                     |   |  |
| Goodwill                              | 36,352  | 49,344   |
| Other                                 | 4,866   | 5,134  |
| Total intangible assets               | 41,219  | 54,479   |
| Investments and other assets          |   |  |
| Investment securities                 | 2,503   | 2,649  |
| Deferred tax assets                   | 5,319   | 5,957  |
| Leasehold and guarantee deposits      | 22,785  | 23,234   |
| Other                                 | 10,526  | 11,448   |
| Allowance for doubtful accounts       | (1,294)   | (1,293)  |
| Total investments and other assets    | 39,840  | 41,996   |
| Total non-current assets              | 111,696   | 132,231  |
| Total assets                          | 212,461   | 228,394  |

(Million yen)

|   | Fiscal year ended<br>April 30, 2022<br>(As of April 30, 2022) | Three months ended<br>July 31, 2022<br>(As of July 31, 2022) |
|---|---|--|
| <b>Liabilities</b>                                    |   |  |
| <b>Current liabilities</b>                            |   |  |
| Accounts payable - trade                              | 50,756  | 59,462   |
| Short-term borrowings                                 | 2,643   | 4,167  |
| Income taxes payable                                  | 4,391   | 1,361  |
| Deposits received                                     | 15,415  | 17,343   |
| Provision for bonuses                                 | 2,713   | 2,362  |
| Provision for bonuses for directors                   | 18  | 12   |
| Contract liabilities                                  | 544   | 584  |
| Other   | 5,321   | 6,109  |
| <b>Total current liabilities</b>                      | <b>81,805</b>   | <b>91,402</b>  |
| <b>Non-current liabilities</b>                        |   |  |
| Long-term borrowings                                  | 5,815   | 11,218   |
| Retirement benefit liability                          | 3,578   | 4,260  |
| Other   | 2,252   | 2,738  |
| <b>Total non-current liabilities</b>                  | <b>11,645</b>   | <b>18,217</b>  |
| <b>Total liabilities</b>                              | <b>93,450</b>   | <b>109,620</b>   |
| <b>Net assets</b>                                     |   |  |
| <b>Shareholders' equity</b>                           |   |  |
| Share capital   | 21,894  | 21,894   |
| Capital surplus                                       | 20,500  | 20,500   |
| Retained earnings                                     | 78,661  | 78,433   |
| Treasury shares                                       | (2,018)   | (2,018)  |
| <b>Total shareholders' equity</b>                     | <b>119,038</b>  | <b>118,811</b>   |
| <b>Accumulated other comprehensive income</b>         |   |  |
| Valuation difference on available-for-sale securities | (39)  | (53)   |
| Remeasurements of defined benefit plans               | (75)  | (69)   |
| <b>Total accumulated other comprehensive income</b>   | <b>(114)</b>  | <b>(123)</b>   |
| Non-controlling interests                             | 86  | 86   |
| <b>Total net assets</b>                               | <b>119,010</b>  | <b>118,773</b>   |
| <b>Total liabilities and net assets</b>               | <b>212,461</b>  | <b>228,394</b>   |

**(2) Quarterly consolidated statements of income and comprehensive income**  
**Quarterly consolidated statement of income**

(Million yen)

|   | Three months ended<br>July 31, 2021<br>(May 1, 2021 to<br>July 31, 2021) | Three months ended<br>July 31, 2022<br>(May 1, 2022 to<br>July 31, 2022) |
|---|--|--|
| Net sales   | 75,011   | 81,470   |
| Cost of sales   | 63,950   | 69,827   |
| Gross profit  | 11,060   | 11,643   |
| Selling, general and administrative expenses                  | 8,448  | 8,890  |
| Operating profit  | 2,611  | 2,753  |
| Non-operating income  |  |  |
| Interest income   | 10   | 12   |
| Dividend income   | 16   | 31   |
| Commission income   | 2  | 5  |
| Rental income from real estate                                | 231  | 49   |
| Outsourcing service income                                    | 43   | 50   |
| Subsidy income  | 13   | 73   |
| Share of profit of entities accounted for using equity method | 2  | –  |
| Other   | 107  | 171  |
| Total non-operating income                                    | 426  | 394  |
| Non-operating expenses  |  |  |
| Interest expenses   | 11   | 14   |
| Loss on sale of receivables                                   | 19   | 23   |
| Rental expenses on real estate                                | 101  | 4  |
| Other   | 41   | 16   |
| Total non-operating expenses                                  | 174  | 58   |
| Ordinary profit   | 2,864  | 3,089  |
| Extraordinary income  |  |  |
| Gain on sales of non-current assets                           | 26   | 1  |
| Gain on sale of businesses                                    | 0  | 4  |
| Total extraordinary income                                    | 27   | 5  |
| Extraordinary losses  |  |  |
| Loss on sale and retirement of non-current assets             | 30   | 65   |
| Impairment losses   | 6  | 20   |
| Loss on cancellation of rental contracts                      | 118  | –  |
| Other   | 31   | 11   |
| Total extraordinary losses                                    | 186  | 98   |
| Profit before income taxes                                    | 2,704  | 2,996  |
| Income taxes  | 1,400  | 1,292  |
| Profit  | 1,304  | 1,703  |
| Loss attributable to non-controlling interests                | (4)  | (0)  |
| Profit attributable to owners of parent                       | 1,309  | 1,704  |



**Quarterly consolidated statement of comprehensive income**

(Million yen)

|  | Three months ended<br>July 31, 2021<br>(May 1, 2021 to<br>July 31, 2021) | Three months ended<br>July 31, 2022<br>(May 1, 2022 to<br>July 31, 2022) |
|--|--|--|
| Profit   | 1,304  | 1,703  |
| Other comprehensive income:                                    |  |  |
| Valuation difference on available-for-sale securities          | (40)   | (14)   |
| Remeasurements of defined benefit plans, net of tax            | 10   | 6  |
| Total other comprehensive income                               | (30)   | (8)  |
| Comprehensive income   | 1,274  | 1,695  |
| Comprehensive income attributable to owners of parent          | 1,279  | 1,695  |
| Comprehensive income attributable to non-controlling interests | (4)  | (0)  |

**(3) Notes on quarterly consolidated financial statements**

(Notes on the premise of a going concern)

There are no applicable matters to be reported.

(Notes on significant changes in the amount of shareholders' equity)

There are no applicable matters to be reported.

(Application of specified accounting methods for the preparation of quarterly consolidated financial statements)

To calculate tax expenses, the effective tax rate on income before income taxes for the consolidated fiscal year after the application of tax effect accounting is reasonably estimated and the estimated rate is applied to income before income taxes for the quarterly period.

(Changes in accounting policies)

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, June 17, 2021; "Fair Value Measurement Standard"), etc. from the beginning of the first quarter. In accordance with the transitional treatment stipulated in Paragraph 27-2 of the "Fair Value Measurement Standard", the Company has decided to apply the new accounting policies in the Fair Value Measurement Standard going forward. These changes have no impact on the Company's quarterly consolidated financial statements.

(Segment information, etc.)

I Three months ended July 31, 2021 (May 1, 2021 to July 31, 2021)

1. Net sales and income (loss) by reportable segment

(Million yen)

|                            | Reportable segments                |  |                     |        | Adjustments<br>(Note) 1 | Carried on<br>quarterly<br>consolidated<br>statements of<br>income<br>(Note) 2 |
|----------------------------|------------------------------------|--|---------------------|--------|-------------------------|--|
|                            | Dispensing<br>pharmacy<br>business | Cosmetic and<br>drug store<br>business | Other<br>businesses | Total  |                         |  |
| Sales                      |                                    |  |                     |        |                         |  |
| (1) Sales to third parties | 66,828                             | 5,063                                  | 3,119               | 75,011 | —                       | 75,011   |
| (2) Intersegment sales     | —                                  | —                                      | 23                  | 23     | (23)                    | —  |
| Total sales                | 66,828                             | 5,063                                  | 3,143               | 75,034 | (23)                    | 75,011   |
| Segment profit (loss)      | 4,879                              | (503)                                  | 13                  | 4,389  | (1,524)                 | 2,864  |

Notes: 1. The adjustment of ¥(1,524) million to segment profit (loss) includes ¥1,792 million in corporate expenses, ¥(347) million in (income) loss that is not allocated to reportable segments, and ¥79 million in eliminations due to intersegment transactions.

Corporate expenses consist mainly of expenses associated with the administrative divisions and the system logistics division, which are not part of the reportable segments.

2. Segment profit (loss) is adjusted with the ordinary profit of quarterly consolidated statements of income.

2. Impairment losses on fixed assets and goodwill by reportable segment

[Significant impairment losses on fixed assets]:

There are no applicable matters to be reported.

[Significant changes in the amount of goodwill]:

There are no applicable matters to be reported.

## II Three months ended July 31, 2022 (May 1, 2022 to July 31, 2022)

## 1. Net sales and income (loss) by reportable segment

(Million yen)

|                            | Reportable segments                |  |                     |        | Adjustments<br>(Note) 1 | Carried on<br>quarterly<br>consolidated<br>statements of<br>income<br>(Note) 2 |
|----------------------------|------------------------------------|--|---------------------|--------|-------------------------|--|
|                            | Dispensing<br>pharmacy<br>business | Cosmetic and<br>drug store<br>business | Other<br>businesses | Total  |                         |  |
| Sales                      |                                    |  |                     |        |                         |  |
| (1) Sales to third parties | 72,482                             | 6,086                                  | 2,901               | 81,470 | —                       | 81,470   |
| (2) Intersegment sales     | —                                  | —                                      | 18                  | 18     | (18)                    | —  |
| Total sales                | 72,482                             | 6,086                                  | 2,920               | 81,489 | (18)                    | 81,470   |
| Segment profit (loss)      | 4,731                              | 164                                    | 4                   | 4,900  | (1,811)                 | 3,089  |

Notes: 1. The adjustment of ¥(1,811) million to segment profit (loss) includes ¥2,159 million in corporate expenses, ¥(341) million in (income) loss that is not allocated to reportable segments, and ¥(7) million in eliminations due to intersegment transactions.

Corporate expenses consist mainly of expenses associated with the administrative divisions and the system logistics division, which are not part of the reportable segments.

2. Segment profit (loss) is adjusted with the ordinary profit of quarterly consolidated statements of income.

## 2. Impairment losses on fixed assets and goodwill by reportable segment

[Significant impairment losses on fixed assets]:

There are no applicable matters to be reported.

[Significant changes in the amount of goodwill]:

In the dispensing pharmacy business segment, Pharmacy Holdings Co. Ltd. and its two subsidiaries were included in the scope of consolidation from the first quarter of the current fiscal year following the acquisition of all shares in Pharmacy Holdings Co. Ltd. In the first three months of the fiscal year, the increase in goodwill related to these companies was ¥12,921 million.

This goodwill amount is a tentative calculation, as the allocation of acquisition costs has not been completed.