

Summary of Financial Statements for Fiscal Year Ended April 2024 【Japan GAAP】 (Consolidated)

June 6, 2024

Name of listed company: **AIN HOLDINGS INC.**
Exchange listed on: Prime Market of Tokyo Stock Exchange and Sapporo Securities Exchange
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Date of the ordinary general meeting of shareholders: July 30, 2024
Date of scheduled payment of dividends: July 31, 2024
Date of filing securities report: July 31, 2024
Supplementary documents for this summary of financial statements: Yes (Supplementary materials are disclosed on the Company's website appropriately as the financial statements.)
Explanation meeting for financial results: Yes (for institutional investors and analysts)

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

1. Consolidated results for the fiscal year ended April 2024 (from May 1, 2023 to April 30, 2024)

(1) Consolidated operating results

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

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended April 30, 2024	399,824	11.5	31,318	21.2	20,432	27.7	21,377	25.3	11,401	23.5
Year ended April 30, 2023	358,742	13.4	25,843	7.4	16,004	5.7	17,064	6.4	9,234	30.2

(Note) Comprehensive income: Year ended April 30, 2024: ¥11,781 million (+24.7%)
Year ended April 30, 2023: ¥9,446 million (+32.5%)

(Note) EBITDA = operating profit + depreciation + amortization of goodwill

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended April 30, 2024	324.64	—	8.7	8.9	5.1
Year ended April 30, 2023	262.87	—	7.5	7.7	4.5

(Reference) Equity in earnings of affiliates: Year ended April 30, 2024: ¥— million

Year ended April 30, 2023: ¥— million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of April 30, 2024	249,409	135,411	54.3	3,866.55
As of April 30, 2023	231,750	126,546	54.6	3,599.47

(Reference) Equity capital: As of April 30, 2024: ¥135,307 million As of April 30, 2023: ¥126,449 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Year ended April 30, 2024	23,023	(15,748)	(5,110)	48,381
Year ended April 30, 2023	20,267	(22,292)	(11,237)	46,217

2. Dividends

	Dividends per share					Total dividends (annual)	Dividends payout ratio (consolidated)	Dividends on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended April 30, 2023	—	0.00	—	60.00	60.00	2,107	22.8	1.7
Year ended April 30, 2024	—	0.00	—	80.00	80.00	2,826	24.6	2.1
Year ending April 30, 2025 (forecast)	—	0.00	—	80.00	80.00		30.5	

3. Consolidated financial forecast for the fiscal year ending April 30, 2025 (from May 1, 2024 to April 30, 2025)

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

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	199,700	3.1	12,260	(11.6)	6,644	(24.1)	7,043	(24.6)	3,780	(28.1)	108.02
Full year	415,000	3.8	29,220	(6.7)	17,800	(12.9)	18,500	(13.5)	9,180	(19.5)	262.33

* Notes

(1) Major changes in subsidiaries during the fiscal year (changes in specified subsidiaries resulting in change in scope of consolidation): No

Newly consolidated: — Excluded: —

(2) 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.: No

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

3) Changes in accounting estimates: Yes

4) Restatement of revisions: No

(3) Number of outstanding shares (common stock):

1) Number of outstanding shares (including treasury shares):	As of April 30, 2024	35,428,212 shares	As of April 30, 2023	35,428,212 shares
2) Number of shares held in treasury:	As of April 30, 2024	433,891 shares	As of April 30, 2023	298,188 shares
3) Average number of shares outstanding:	Fiscal year ended April 30, 2024	35,120,134 shares	Fiscal year ended April 30, 2023	35,129,116 shares

(Note) The number of treasury shares at the end of the fiscal year includes the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) (as of April 30, 2023: - shares, as of April 30, 2024: 333,800 shares). In addition, the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) are included in treasury shares deducted from the calculation of average number of shares outstanding during the period (fiscal year ended April 30, 2023: - shares, fiscal year ended April 30, 2024: 27,817 shares).

*This Summary of Financial Statements is outside the scope of audit 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. Operating Results and Other

(1) Overview of operating results for the fiscal year under review

During the fiscal year under review (May 1, 2023 to April 30, 2024; fiscal 2024), the Japanese economy showed signs of a moderate pickup, supported by a recovery in mobility following the downgrade of COVID-19 to a category-5 infectious disease and the easing of mobility restrictions. However, the outlook remains uncertain due to rising prices and fluctuations in financial and capital markets.

The January 2024 Noto Peninsula Earthquake did not lead to casualties among the employees of the AIN HOLDINGS Group (the Group), but 29 pharmacies and stores in the three Hokuriku prefectures and in Niigata Prefecture were affected, including damage to pharmaceutical and product displays and damage to retail premises. As a result of the earthquake, two pharmacies were forced to close temporarily, but are now operating again after efforts were made to rapidly resume the provision of medical care to affected areas. The Group also contributed to relief funds to help affected areas recover and rebuild as quickly as possible. The impact of the earthquake on the Group's business was modest.

During the fiscal year under review, the Group 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. In addition, diversity & inclusion is a key part of efforts to create a “sound management base,” one of the Group's materiality issues. Specifically, the Group is actively promoting diversity by creating working environments and organizations that are welcoming and motivating for all employees, among other initiatives. These efforts have been recognized publicly, with AIN PHARMACIEZ INC., the Group's core operating company, receiving “Platinum Kurumin” certification from the Minister of Health, Labour and Welfare in July 2023 for its efforts to help employees balance work and parenting commitments as a “parenting support company.”

In November 2022, the Company established its CSR Procurement Policy and Guidelines. In July 2023, we held a briefing session for suppliers to implement CSR procurement across the Group's supply chain, and in August 2023, we conducted a CSR survey to ascertain the status of implementation. In this way, we are assessing and analyzing supply chain risks and communicating with suppliers to ensure compliance with our CSR requirements, helping to strengthen the Group's collaborative CSR system with suppliers.

In February 2024, the Company received a B-score from CDP, an international environmental NGO that manages the world's most comprehensive dataset on environmental disclosure, for its efforts to address climate change and disclose environmental information.

In addition, the Company has been certified under the KENKO Investment for Health - Outstanding Organizations Recognition Program by Nippon Kenko Kaigi for four consecutive years since 2021, and for the first time, in March 2024, the Company acquired the program for 2024 (Large Enterprise Category - White 500) as one of the top 500 companies.

In the course of its active efforts to address the above various materiality issues, the Company was awarded an “A” rating in the MSCI ESG Ratings in April 2024 in recognition of the Group's ESG initiatives.

Going forward, the AIN Group will continue to work to be a company that “people welcome to their communities” by helping to solve various social issues through its business activities.

Results for fiscal 2024 (May 1, 2023 to April 30, 2024) are as follows.

	(Million yen)	Fiscal 2023	Fiscal 2024	Change	Change (%)
Net sales		358,742	399,824	41,081	11.5
Operating profit		16,004	20,432	4,428	27.7
Ordinary profit		17,064	21,377	4,312	25.3
Profit attributable to owners of parent		9,234	11,401	2,167	23.5

Results by segment are as follows.

(Million yen)		Fiscal 2023	Fiscal 2024	Change	Change (%)
Dispensing pharmacy business	Sales	321,577	357,571	35,994	11.2
	Segment profit	24,135	27,587	3,452	14.3
Cosmetic and drug store business	Sales	25,685	31,111	5,425	21.1
	Segment profit	1,214	3,096	1,882	155.1
Other businesses	Sales	11,540	11,196	(344)	(3.0)
	Segment profit	135	47	(87)	(64.8)

(Note) Segment sales include intersegment transactions.

(Dispensing pharmacy business)

The Group is working to leverage the primary care capabilities of its pharmacists and dispensing pharmacies to help patients access medical services in their local community with peace of mind. Specifically, the Group is cooperating with medical institutions, using patient medication notebooks to ensure integrated and continuous monitoring of patient medication, and providing services for home-based healthcare.

The Group is also actively promoting digital transformation to improve convenience for patients. Specifically, in addition to the official AIN Pharmacy app, which was launched in 2022, the Group set up an official AIN Pharmacy LINE account in October 2023 to make its prescriptions sending service more accessible for customers.

During the fiscal year under review, the average prescription price rose due to an increase in high-cost prescriptions, including COVID-19 treatments. The number of prescriptions also increased, reflecting the easing of restrictions on outpatient visits after COVID-19 was downgraded to a category-5 infectious disease and an increase in service levels related to improvements in the capabilities of primary care pharmacists and pharmacies and reduced waiting times.

During the fiscal year under review, the Group opened 40 new dispensing pharmacies, including those acquired through M&A deals, closed 13, and sold five, resulting in a total of 1,231.

(Cosmetic and drug store business)

Customer numbers were firm amid a recovery in mobility for both domestic shoppers and overseas visitors. There was also a shift in customer buying habits from infection control products to cosmetics, one of the Company's strengths, lifting the average sales price. In particular, sales are increasing for Asian cosmetics, a category the Group is focusing on with measures such as selling brands exclusive to its stores and offering advance sales opportunities. Sales were firm overall, supported by the opening and relocation of new stores in prime locations, and profitability improved due to operational efficiency gains and other measures. The Group will continue to closely monitor buying trends, reinforce the merchandise lineup and create attractive retail displays.

During the fiscal year under review, the Group opened six stores and closed three, resulting in a total of 81 stores.

(2) Overview of financial position for the fiscal year under review

The balance of total assets at the end of the fiscal year increased ¥17,659 million from the end of the previous fiscal year to ¥249,409 million. This mainly reflected an increase in merchandise due to growth at existing stores and new store openings, and an increase in buildings and structures due to new store openings.

The balance of liabilities increased ¥8,793 million to ¥113,998 million.

The balance of short-term and long-term borrowings declined ¥1,997 million to ¥6,694 million.

Total net assets increased ¥8,865 million to ¥135,411 million and the shareholders' equity ratio declined 0.3 of a percentage point to 54.3%.

(3) Overview of cash flows for the fiscal year under review

In the fiscal year under review, cash and cash equivalents increased ¥2,164 million year on year to ¥48,381 million.

Cash flows from each category and their relevant factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥23,023 million, compared with net cash provided of ¥20,267 million in the previous fiscal year.

The main items that were positive for cash flow were profit before income taxes of ¥19,080 million, as well as depreciation of ¥6,464 million and amortization of goodwill of ¥4,421 million related to business expansion through new store openings and M&A.

Income taxes paid of ¥6,644 million, increase in accounts receivable - other of ¥3,883 million and increase in inventories of ¥2,929 million were the main negative items for operating cash flow.

(Cash flows from investing activities)

Net cash used in investing activities was ¥15,748 million, compared with net cash used of ¥22,292 million in the previous fiscal year.

This mainly reflected cash used of ¥1,771 million for purchase of shares of subsidiaries resulting in change in scope of consolidation related to shares acquired in eight companies through M&A deals, and ¥9,130 million for purchases of property, plant and equipment related to the opening of new cosmetic and drug stores and dispensing pharmacies.

(Cash flows from financing activities)

Net cash used in financing activities was ¥5,110 million, compared with net cash used of ¥11,237 million in the previous fiscal year.

The main items were net repayment of ¥2,157 million for short-term and long-term borrowings and proceeds, and cash dividends paid of ¥2,107 million.

Changes in the Group's cash flow indicators are shown below.

	Year ended April 30, 2021	Year ended April 30, 2022	Year ended April 30, 2023	Year ended April 30, 2024
Shareholders' equity ratio (%)	56.8	56.0	54.6	54.3
Equity ratio based on market value (%)	105.6	96.6	85.5	83.8
Debt redemption term (years)	0.8	0.3	0.4	0.3
Interest coverage ratio (times)	334.7	671.8	384.8	588.1

Notes: Shareholders' equity ratio = Equity capital / total assets

Equity ratio based on market value = market capitalization / total assets

Debt redemption term = interest-bearing debt / operating cash flows

Interest coverage ratio = operating cash flows / interest paid

*All indicators are calculated based on consolidated financial data.

*Interest-bearing debt includes all liabilities recorded on the balance sheet on which interest is being paid.

*Operating cash flows and interest paid are calculated using the cash flows from operating activities and the interest paid on the consolidated statements of cash flows.

(4) Future outlook

In the next fiscal year (May 1, 2024 to April 30, 2025; fiscal 2025), we will continue to expand the dispensing pharmacy business by developing new pharmacies and actively using M&A.

In the cosmetic and drug store business, we will continue to open AINZ & TULPE stores in prime locations and create appealing retail displays by strengthening product lineups in order to attract more customers, while also continuing to improve operational efficiency.

We expect raw material and fuel prices to remain high and forecast sustained price inflation in various product categories. In addition, we plan to invest in IT systems to enhance the functionality of apps to improve customer service and to strengthen the management base. We will also invest in promoting human capital management. Costs are likely to increase due to these factors. As a result, we forecast higher sales but lower profits year on year.

Our forecasts for fiscal 2025 (May 1, 2024 to April 30, 2025) are as follows.

	Fiscal 2024 (Million yen)	Fiscal 2025 (Million yen)	Change (Million yen)	Change (%)
Net sales	399,824	415,000	15,175	3.8
Ordinary profit	21,377	18,500	(2,877)	(13.5)
Profit attributable to owners of parent	11,401	9,180	(2,221)	(19.5)

2. Basic Stance on Selection of Accounting Standards

The Group has adopted Japanese accounting standards in order to facilitate comparison with other domestic companies in the same sector. The Group plans to appropriately address the adoption of International Financial Reporting Standards (IFRS) while taking into account trends in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheet

(Million yen)

	Fiscal 2023 (As of April 30, 2023)	Fiscal 2024 (As of April 30, 2024)
Assets		
Current assets		
Cash and deposits	46,796	48,611
Accounts receivable - trade	13,249	15,852
Merchandise	21,299	24,299
Supplies	286	345
Short-term loans receivable	355	144
Accounts receivable - other	11,969	16,000
Other	4,348	5,490
Allowance for doubtful accounts	—	(1)
Total current assets	98,305	110,743
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,127	47,991
Accumulated depreciation	(19,720)	(20,869)
Buildings and structures, net	21,407	27,122
Land	10,602	10,207
Construction in progress	3,904	1,896
Other	11,665	13,233
Accumulated depreciation	(8,120)	(9,009)
Other, net	3,545	4,224
Total property, plant and equipment	39,459	43,450
Intangible assets		
Goodwill	46,443	44,066
Other	5,900	7,176
Total intangible assets	52,343	51,242
Investments and other assets		
Investment securities	2,720	3,345
Long-term loans receivable	704	671
Deferred tax assets	5,990	6,403
Retirement benefit asset	23	34
Leasehold and guarantee deposits	24,507	25,186
Other	8,007	8,608
Allowance for doubtful accounts	(312)	(276)
Total investments and other assets	41,641	43,973
Total non-current assets	133,444	138,666
Total assets	231,750	249,409

(Million yen)

	Fiscal 2023 (As of April 30, 2023)	Fiscal 2024 (As of April 30, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	58,698	65,506
Short-term borrowings	3,670	3,467
Income taxes payable	3,328	4,532
Deposits received	18,232	19,063
Provision for bonuses	3,215	3,394
Provision for bonuses for directors	22	19
Contract liabilities	532	465
Other	5,284	6,784
Total current liabilities	<u>92,986</u>	<u>103,232</u>
Non-current liabilities		
Long-term borrowings	5,021	3,227
Lease liabilities	32	38
Retirement benefit liability	4,498	4,662
Other	2,664	2,837
Total non-current liabilities	<u>12,218</u>	<u>10,765</u>
Total liabilities	<u>105,204</u>	<u>113,998</u>
Net assets		
Shareholders' equity		
Share capital	21,894	21,894
Capital surplus	20,504	20,131
Retained earnings	85,963	95,257
Treasury shares	(2,000)	(2,436)
Total shareholders' equity	<u>126,362</u>	<u>134,847</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7)	234
Remeasurements of defined benefit plans	95	225
Total accumulated other comprehensive loss	<u>87</u>	<u>459</u>
Non-controlling interests	96	104
Total net assets	<u>126,546</u>	<u>135,411</u>
Total liabilities and net assets	<u>231,750</u>	<u>249,409</u>

(2) Consolidated statement of income and comprehensive income**Consolidated statement of income**

(Million yen)

	Fiscal 2023 (May 1, 2022 to April 30, 2023)	Fiscal 2024 (May 1, 2023 to April 30, 2024)
Net sales	358,742	399,824
Cost of sales	305,043	340,301
Gross profit	53,698	59,522
Selling, general and administrative expenses		
Advertising expenses	2,229	2,170
Promotion expenses	161	123
Salaries, allowances and bonuses	7,327	7,692
Provision for bonuses	1,049	874
Provision for bonuses for directors	22	19
Retirement benefit expenses	327	264
Legal and other welfare expenses	2,920	2,864
Communication and transportation expenses	1,168	1,369
Lease expenses	87	89
Rent expenses on land and buildings	5,528	5,209
Depreciation	1,529	1,740
Amortization of goodwill	4,257	4,421
Taxes and dues	2,222	2,558
Other	8,862	9,693
Total selling, general and administrative expenses	37,694	39,090
Operating profit	16,004	20,432
Non-operating income		
Interest income	54	52
Dividend income	62	40
Gain on investments in investment partnerships	28	26
Commission income	17	9
Rental income from real estate	222	298
Gain on receipt of donated non-current assets	32	13
Outsourcing service income	211	263
Technical advisory fee income	68	63
Subsidy income	323	298
Other	356	306
Total non-operating income	1,379	1,373
Non-operating expenses		
Interest expenses	52	39
Loss on sale of receivables	103	129
Rental expenses on real estate	51	86
Provision of allowance for doubtful accounts	48	96
Other	62	77
Total non-operating expenses	318	428
Ordinary profit	17,064	21,377

(Million yen)

	Fiscal 2023 (May 1, 2022 to April 30, 2023)	Fiscal 2024 (May 1, 2023 to April 30, 2024)
Extraordinary income		
Gain on sales of non-current assets	11	417
Gain on sale of business	73	7
Surrender value of insurance	35	12
Other	1	3
Total extraordinary income	121	441
Extraordinary losses		
Loss on sale and retirement of non-current assets	193	331
Impairment losses	906	1,737
Loss on valuation of investment securities	91	301
Other	112	367
Total extraordinary losses	1,303	2,738
Profit before income taxes	15,882	19,080
Income taxes – current	6,844	7,980
Income taxes – deferred	(205)	(309)
Total income taxes	6,638	7,670
Profit	9,244	11,409
Profit attributable to non-controlling interests	9	7
Profit attributable to owners of parent	9,234	11,401

Consolidated statement of comprehensive income

(Million yen)

	Fiscal 2023 (May 1, 2022 to April 30, 2023)	Fiscal 2024 (May 1, 2023 to April 30, 2024)
Profit	9,244	11,409
Other comprehensive income		
Valuation difference on available-for-sale securities	31	242
Remeasurements of defined benefit plans, net of tax	170	129
Total other comprehensive income	201	372
Comprehensive income	9,446	11,781
Comprehensive income attributable to owners of parent	9,436	11,774
Comprehensive income attributable to non-controlling interests	9	7

(3) Consolidated statement of changes in net assets

Fiscal 2023 (May 1, 2022 to April 30, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current year	21,894	20,500	78,661	(2,018)	119,038
Changes during period					
Dividends of surplus			(1,932)		(1,932)
Profit attributable to owners of parent			9,234		9,234
Disposal of treasury shares		3		18	21
Net change in items other than shareholders' equity					
Total changes during period	-	3	7,302	18	7,323
Balance at the end of current year	21,894	20,504	85,963	(2,000)	126,362

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at the beginning of current year	(39)	(75)	(114)	86	119,010
Changes during period					
Dividends of surplus					(1,932)
Profit attributable to owners of parent					9,234
Disposal of treasury shares					21
Net change in items other than shareholders' equity	31	170	201	9	211
Total changes during period	31	170	201	9	7,535
Balance at the end of current year	(7)	95	87	96	126,546

Fiscal 2024 (May 1, 2023 to April 30, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current year	21,894	20,504	85,963	(2,000)	126,362
Changes during period					
Dividends of surplus			(2,107)		(2,107)
Profit attributable to owners of parent			11,401		11,401
Purchase of treasury shares				(2,436)	(2,436)
Disposal of treasury shares		(372)		1,999	1,627
Net change in items other than shareholders' equity					
Total changes during period	–	(372)	9,293	(436)	8,484
Balance at the end of current year	21,894	20,131	95,257	(2,436)	134,847

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at the beginning of current year	(7)	95	87	96	126,546
Changes during period					
Dividends of surplus					(2,107)
Profit attributable to owners of parent					11,401
Purchase of treasury shares					(2,436)
Disposal of treasury shares					1,627
Net change in items other than shareholders' equity	242	129	372	7	380
Total changes during period	242	129	372	7	8,865
Balance at the end of current year	234	225	459	104	135,411

(4) Consolidated statement of cash flows

(Million yen)

	Fiscal 2023 (May 1, 2022 to April 30, 2023)	Fiscal 2024 (May 1, 2023 to April 30, 2024)
Cash flows from operating activities		
Profit before income taxes	15,882	19,080
Depreciation	5,529	6,464
Amortization of goodwill	4,310	4,421
Impairment losses	906	1,737
Increase (decrease) in allowance for doubtful accounts	(27)	(5)
Increase in retirement benefit liability	(393)	305
Increase in contract liabilities	(12)	(67)
Gain on on sale of businesses	(72)	(7)
Increase in provision for bonuses	41	162
Decrease in provision for bonuses for directors	3	(3)
Interest and dividend income	(116)	(93)
Interest expenses	52	39
Gains on investments in partnerships	(22)	(4)
Gain on receipt of donated non-current assets	(32)	(13)
Gains on sale of investments securities	16	(0)
Loss on valuation of investment securities	91	301
Losses on sale and retirement of non-current assets	182	(86)
Decrease in trade receivables	795	(2,202)
(Increase) decrease in inventories	(4,948)	(2,929)
Increase in other assets	(231)	(1,297)
Increase in other accounts receivable	1,007	(3,883)
Increase (decrease) in trade payables	3,013	6,437
Increase (decrease) in other liabilities	2,032	1,219
Other, net	86	35
Subtotal	28,094	29,612
Interest and dividends received	123	93
Interest paid	(52)	(39)
Income taxes paid	(7,897)	(6,644)
Net cash provided by operating activities	20,267	23,023

(Million yen)

	Fiscal 2023 (May 1, 2022 to April 30, 2023)	Fiscal 2024 (May 1, 2023 to April 30, 2024)
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,549)	(9,130)
Proceeds from sale of property, plant and equipment	1,509	1,208
Purchase of investment securities	(511)	(556)
Proceeds from sale of investment securities	555	29
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(14,614)	(1,771)
Payments for loans receivable	(122)	(10)
Proceeds from collection of loans receivable	294	254
Purchase of intangible assets	(2,606)	(3,389)
Proceeds from sale of intangible assets	3	0
Payments of leasehold and guarantee deposits	(2,444)	(2,482)
Proceeds from refund of leasehold and guarantee deposits	1,169	1,828
Decrease (increase) in investments and other assets	1,238	(2,050)
Proceeds from withdrawal of time deposits	2,993	450
Payments into time deposits	(209)	—
Other, net	0	(128)
Net cash used in investing activities	(22,292)	(15,748)
Cash flows from financing activities		
Net decrease in short-term borrowings	(484)	(2)
Proceeds from long-term borrowings	10	2,045
Repayments of long-term borrowings	(8,564)	(4,199)
Purchase of treasury shares	—	(2,436)
Proceeds from sale of treasury shares	—	1,615
Dividends paid	(1,932)	(2,107)
Other, net	(266)	(24)
Net cash provided by (used in) financing activities	(11,237)	(5,110)
Net increase (decrease) in cash and cash equivalents	(13,262)	2,164
Cash and cash equivalents at beginning of the year	59,470	46,217
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	9	—
Cash and cash equivalents at end of the year	46,217	48,381

(5) Notes to consolidated financial statements

(Notes on the premise of a going concern)

There are no applicable matters to be reported.

(Change in accounting estimates)

(Change in estimate of asset retirement obligations)

In the fiscal year under review, the Company changed its estimate for a portion of asset retirement obligations recorded as restoration obligations in connection with building lease contracts. The estimate was changed to reflect new information regarding restoration costs required at the time of vacating the premises.

This change in the estimate increases the balance of asset retirement obligations by ¥501 million.

(Additional information)

(Transactions for delivering the Company's own shares to employees etc. through trusts)

The Company conducts transactions to deliver its own shares through a trust to an employee stock ownership plan to enhance the welfare of employees and provide incentives to increase the Company's corporate value.

1. Transaction summary

The Company has introduced the " Stock-Based Benefit Trust (Employee Shareholders Association Purchase Type) (the Plan) from April 2024.

With the introduction of the Plan, the Company, as the Trustor, entered into a Stock-Based Benefit Trust (Employee Shareholders Association Purchase Type) Agreement (the "Trust Agreement"; the trust established pursuant to the Trust Agreement is referred to as the "Trust") with Mizuho Trust & Banking Co., Ltd. (the "Trustee"). Additionally, the Trustee entered into a re-trust agreement with Custody Bank of Japan, Ltd. regarding the management of securities and other trust assets by Custody Bank of Japan, Ltd. as the subtrustee.

Custody Bank of Japan, Ltd. will make a single collective acquisition of the Company's shares in advance equivalent to the number of shares anticipated to be purchased by the AIN HOLDINGS Employee Shareholders Association (the "Shareholders Association") over the next five years, transferring them to the Trust E Account, and sell the Company's shares thereafter when purchases of the shares are made by the Shareholders Association. If an amount equivalent to the gains on sales of shares is accumulated in the trust assets of the Trust via the sale of the Company's shares up until the time of the Trust's termination, this cash shall be distributed as residual assets to the members of the Shareholders Association (employees) who satisfy the beneficiary eligibility requirements.

In addition, since the Company provides a guarantee when the Trustee takes out a loan in order for the Trust E Account to acquire the Company's shares, in a case in which the Trustee has an outstanding loan balance equal to the loss on the sale of shares as of the time of Trust's termination due to a drop in the Company's share price or other reasons, the Company will pay off the outstanding loan balance pursuant to the guarantee agreements.

2. Company's shares held in the trust

The Company's shares held in the trust are recorded as treasury shares under net assets at the acquisition cost (excluding the amount of incidental expenses). In the fiscal year ended April 30, 2024, the book value and number of these treasury shares amounted to ¥1,844 million and 333 thousand shares, respectively.

3. Book value of loans recorded under the gross amount method

Fiscal year ended April 30, 2024 ¥1,845 million

(Segment information, etc.)

Segment information

1. Description of the reportable segments

The Company's reportable segments consist of those of its components for which it is possible to obtain separate financial information that is examined by its Board of Directors on a regular basis for the purpose of deciding on the allocation of corporate resources and assessing business performance.

The Group's business comprises three units that together represent its main business units, namely, dispensing pharmacy business that consists of operation of dispensing pharmacies, selling of generic drugs, recruiting and consulting services, and cosmetic and drug store business that consists of the management of cosmetic and drug stores as well as other businesses, which includes a retail store business and a real-estate leasing business. The formulation and examination of business strategy is conducted individually for each business.

Based on the above, the Company has classified its business into three reportable segments – the dispensing pharmacy business, the cosmetic and drug store business, and other businesses.

2. Methods to determine the amounts of net sales, profit or losses, assets, liabilities and other items by reportable segment

The methods used for accounting for the reportable business segments are generally similar to those described in the Basic Important Matters for Preparation of Consolidated Financial Statements.

The income figures for the reportable segments are expressed at the ordinary profit level.

Intersegment sales and transfers are based on prevailing market prices.

3. Sales, income (loss), assets, liabilities and other items for each reportable segment

I. Fiscal 2023 (May 1, 2022 to April 30, 2023)

(Million yen)

	Reportable segments				Adjustments (Note) 1	Consolidated (Note) 2
	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Total		
Sales						
Sales to third parties	321,577	25,685	11,479	358,742	—	358,742
Intersegment sales and transfers	—	—	61	61	(61)	—
Total sales	321,577	25,685	11,540	358,803	(61)	358,742
Segment profit (loss)	24,135	1,214	135	25,484	(8,420)	17,064
Segment assets	195,327	13,628	9,638	218,595	13,155	231,750
Other						
Depreciation	3,118	426	232	3,777	767	4,545
Amortization of goodwill	4,163	6	140	4,310	—	4,310
Impairment losses	730	175	—	906	—	906
Increase in property and equipment and intangible fixed assets	8,317	551	1,021	9,891	2,039	11,931

Notes: 1. Segment profit (loss) in "Adjustments" totaling ¥(8,420) million includes ¥9,695 million in corporate expenses, ¥(1,304) million in (income) losses that may not be allocated to the reporting segments, and ¥29 million in elimination due to intersegment transactions.

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

Segment assets in "Adjustments" totaling ¥13,155 million consist mainly of assets associated with the administrative divisions and the system logistics division of the parent company, which are not part of the reportable segments, and the difference in elimination of intersegment transactions.

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

II. Fiscal 2024 (May 1, 2023 to April 30, 2024)

(Million yen)

	Reportable segments				Adjustments (Note) 1	Consolidated (Note) 2
	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Total		
Sales						
Sales to third parties	357,571	31,111	11,141	399,824	—	399,824
Intersegment sales and transfers	—	—	54	54	(54)	—
Total sales	357,571	31,111	11,196	399,879	(54)	399,824
Segment profit (loss)	27,587	3,096	47	30,731	(9,354)	21,377
Segment assets	219,684	15,366	10,411	245,462	3,947	249,409
Other						
Depreciation	3,684	438	279	4,402	1,030	5,433
Amortization of goodwill	4,274	5	140	4,421	—	4,421
Impairment losses	1,556	181	—	1,737	—	1,737
Increase in property and equipment and intangible fixed assets	8,006	1,423	1,042	10,472	2,314	12,786

Notes: 1. Segment profit (loss) in "Adjustments" totaling ¥(9,354) million includes ¥10,469 million in corporate expenses, ¥(1,078) million in (income) losses that may not be allocated to the reporting segments, and ¥(36) million in elimination due to intersegment transactions.

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

Segment assets in "Adjustments" totaling ¥3,947 million consist mainly of assets associated with the administrative divisions and the system logistics division of the parent company, which are not part of the reportable segments, and the difference in elimination of intersegment transactions.

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

Related information

Fiscal 2023 (May 1, 2022 to April 30, 2023)

1. Information by product and service

This disclosure has been omitted because the same information is disclosed under Segment information.

2. Information by region

(1) Net sales

This disclosure has been omitted as the Group's sales to external customers in Japan accounted for more than 90% of sales on the consolidated statement of income.

(2) Property, plant and equipment

This disclosure has been omitted because the Group had no property, plant and equipment located outside Japan at the balance sheet date.

Fiscal 2024 (May 1, 2023 to April 30, 2024)

1. Information by product and service

This disclosure has been omitted because the same information is disclosed under Segment information.

2. Information by region

(1) Net sales

This disclosure has been omitted as the Group's sales to external customers in Japan accounted for more than 90% of sales on the consolidated statement of income.

(2) Property, plant and equipment

This disclosure has been omitted because the Group had no property, plant and equipment located outside Japan at the balance sheet date.

Information regarding impairment losses of non-current assets for each reported segment

Fiscal 2023 (May 1, 2022 to April 30, 2023)

This disclosure has been omitted because the same information is disclosed under Segment information.

Fiscal 2024 (May 1, 2023 to April 30, 2024)

This disclosure has been omitted because the same information is disclosed under Segment information.

Information about amortization of goodwill amount and year-end unamortized balance for each reportable segment

Fiscal 2023 (May 1, 2022 to April 30, 2023)

(Million yen)

	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Corporate / Eliminations	Total
Amortization of fiscal year	4,163	6	140	—	4,310
Balance at the end of fiscal year	45,500	41	900	—	46,443

Fiscal 2024 (May 1, 2023 to April 30, 2024)

(Million yen)

	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Corporate / Eliminations	Total
Amortization of fiscal year	4,274	5	140	—	4,421
Balance at the end of fiscal year	43,306	—	760	—	44,066

Information about gains on bargain purchase for each reported segment

Fiscal 2023 (May 1, 2022 to April 30, 2023)

There are no applicable matters to be reported.

Fiscal 2024 (May 1, 2023 to April 30, 2024)

There are no applicable matters to be reported.

(Per-share information)

	Fiscal 2023 (May 1, 2022 to April 30, 2023)	Fiscal 2024 (May 1, 2023 to April 30, 2024)
Net assets per share	3,599.47 yen	3,866.55 yen
Earnings per share	262.87 yen	324.64 yen

Notes: 1. Diluted earnings per share is not mentioned since dilutive shares do not exist.

2. The Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) are included in treasury shares deducted from the total number of shares outstanding at the end of the fiscal year for the calculation of net assets per share (fiscal year ended April 30, 2023: - shares, fiscal year ended April 30, 2024: 333 thousand shares).

In addition, these shares are included in treasury shares deducted from the average number of shares outstanding during the period for the calculation of earnings per share (fiscal year ended April 30, 2023: - shares, fiscal year ended April 30, 2024: 27 thousand shares).

3. The basis of calculation of net assets per share and earnings per share is as follows.

	Fiscal 2023 (May 1, 2022 to April 30, 2023)	Fiscal 2024 (May 1, 2023 to April 30, 2024)
Profit attributable to owners of parent (million yen)	9,234	11,401
Amount not attributable to ordinary shareholders (million yen)	—	—
Profit attributable to owners of the parent pertaining to common stock (million yen)	9,234	11,401
Average number of shares outstanding (shares)	35,129,116	35,120,134

(Material subsequent events)

There are no applicable matters to be reported.