

FY4/22 2Q

IR PRESENTATION

AIN HOLDINGS INC.
December 2021

Results Overview

Consolidated P/L

Net sales increased 5.2% YoY and 3.4% against the plan due to increase of sales in dispensing pharmacy business, despite the impact of the COVID-19. Ordinary profit increased 35.6% YoY and 9.4% against the plan due to increase of sales.

(¥ million)	FY4/21 2Q results	FY4/22 2Q plan	FY4/22 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	145,352	147,900	152,972	+7,620	+5.2	+3.4
Gross profit	21,435	23,000	22,838	+1,403	+6.5	(0.7)
% of net sales	14.7	15.6	14.9			
SG&A expenses	17,508	17,700	17,062	(446)	(2.5)	(3.6)
% of net sales	12.0	12.0	11.2			
Operating profit	3,927	5,300	5,776	+1,849	+47.1	+9.0
% of net sales	2.7	3.6	3.8			
Ordinary profit	4,517	5,600	6,127	+1,610	+35.6	+9.4
% of net sales	3.1	3.8	4.0			
Profit attributable to owners of parent	2,630	2,780	3,338	+708	+26.9	+20.1
% of net sales	1.8	1.9	2.2			
Earnings per share(¥)	74.24	78.47	94.68	+20.44	+27.5	+20.7

► Figures in the table are rounded down

Dispensing Pharmacy Business (Consolidated)

Net sales increased 6.9% YoY and 5.0% against the plan due to the recovery in prescription volume at existing stores and the contribution of stores opened in previous year. Segment profit increased 25.3% YoY and 12.8% against the plan due to increase of sales.

(¥ million)	FY4/21 2Q results	FY4/22 2Q plan	FY4/22 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	128,029	130,400	136,905	+8,876	+6.9	+5.0
Gross profit	15,008	16,300	17,115	+2,107	+14.0	+5.0
% of net sales	11.7	12.5	12.5			
SG&A expenses	7,109	7,200	6,902	(207)	(2.9)	(4.1)
% of net sales	5.6	5.5	5.0			
Operating profit	7,898	9,100	10,212	+2,314	+29.3	+12.2
% of net sales	6.2	7.0	7.5			
Segment profit	8,370	9,300	10,491	+2,121	+25.3	+12.8
% of net sales	6.5	7.1	7.7			
Number of pharmacies	1,070	1,090	1,091	+21	+2.0	+0.1

▶ Figures in the table are rounded down

Cosmetic and Drug Store Business (Consolidated)

Net sales up 4.6% YoY and declined 7.7% against the plan due to the recovery of existing stores and contribution of stores opened in previous year despite the impact of temporarily shorted opening hours and refrainment from going out under the spread of COVID-19. Segment loss was ¥1,125 million, ¥195 million below the plan.

(¥ million)	FY4/21 2Q results	FY4/22 2Q plan	FY4/22 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	9,388	10,630	9,816	+428	+4.6	(7.7)
Gross profit	3,469	3,890	3,321	(148)	(4.3)	(14.6)
% of net sales	37.0	36.6	33.8			
SG&A expenses	4,596	4,840	4,475	(121)	(2.6)	(7.5)
% of net sales	49.0	45.5	45.6			
Operating profit	(1,127)	(950)	(1,153)	(26)	-	-
% of net sales	-	-	-			
Segment profit	(1,014)	(930)	(1,125)	(111)	-	-
% of net sales	-	-	-			
Number of stores	63	72	72	+9	+14.3	+0.0

▶ Figures in the table are rounded down

Consolidated B/S

Net cash became ¥48,704 million and shareholders' equity ratio became 55.0%. We are maintaining a sound financial structure even during the COVID-19 outbreak.

(¥ million)

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

(¥ million)

End-FY4/22 2Q			
Assets		Liabilities	
Current assets	98,561	Current liabilities	81,959
Cash on hand and in banks	58,692	Short-term debt	3,051
		Lease obligations	57
Fixed assets	111,881	Long-term liabilities	12,672
Goodwill	39,133	Long-term debt	6,860
		Lease obligations	17
Deferred assets	-	Total net assets	115,810
Total assets	210,442	Total liabilities and net assets	210,442
Net cash		48,704	
Shareholders' equity ratio(%)		55.0	

▶ Figures in the table are rounded down

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

Assets

The balance of total assets increased ¥6,780 million from the end of the previous fiscal year due to increase of cash on hand and in banks.

(¥ million)	End-FY4/21 2Q	End-FY4/21	End-FY4/22 2Q	Change
Cash on hand and in banks	54,616	55,271	58,692	+3,421
Notes and accounts receivable	11,953	13,475	9,928	(3,547)
Inventories	14,796	14,285	16,312	+2,027
Total current assets	94,006	96,398	98,561	+2,163
Buildings and structures, net	16,225	16,270	17,034	+764
Land	10,409	10,390	10,030	(360)
Lease assets	166	100	58	(42)
Total property, plant and equipment	30,169	30,229	31,266	+1,037
Goodwill	40,563	39,057	39,133	+76
Lease assets	3	1	0	(1)
Total intangible fixed assets	43,715	42,666	43,180	+514
Investments in securities	2,335	2,697	2,429	(268)
Deferred tax assets	4,315	4,415	4,629	+214
Deposits and guarantees	19,493	20,319	22,951	+2,632
Total investments and other assets	31,629	34,368	37,434	+3,066
Total fixed assets	105,514	107,264	111,881	+4,617
Total deferred assets	-	-	-	-
Total assets	199,521	203,662	210,442	+6,780

▶ Figures in the table are rounded down ▶ Change: End-FY4/22 2Q compared with End-FY4/21

▶ Capital expenditures (Property, plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥6,630 million

Liabilities and Net Assets

Accounts payable increased ¥4,707 million due to the increased purchases from new store openings and M&A. Short-term and long-term debt decreased ¥2,056 million due to repayment.

(¥ million)	End-FY4/21 2Q	End-FY4/21	End-FY4/22 2Q	Change
Accounts payable	45,619	46,758	51,465	+4,707
Short-term debt	4,694	3,670	3,051	(619)
Lease obligations	137	94	57	(37)
Total current liabilities	73,275	74,160	81,959	+7,799
Long-term debt	9,165	8,297	6,860	(1,437)
Lease obligations	82	37	17	(20)
Total long-term liabilities	14,526	13,664	12,672	(992)
Total liabilities	87,802	87,825	94,632	+6,807
Common stock	21,894	21,894	21,894	-
Capital surplus	20,500	20,500	20,500	-
Retained earnings	69,439	73,506	74,907	+1,401
Total shareholders' equity	111,832	115,899	115,899	-
Total net assets	111,719	115,837	115,810	(27)
Total liabilities and net assets	199,521	203,662	210,442	+6,780

▶ Figures in the table are rounded down ▶ Change: End-FY4/22 2Q compared with End-FY4/21

Consolidated C/F

Operating activities was ¥17,314 million due to active new store opening especially focus on large-scale store. Cash and cash equivalents at the end of the quarter were ample, up ¥4,116 million from the previous fiscal year.

(¥ million)	FY4/21 2Q	FY4/22 2Q	Change
Net cash provided by operating activities	6,441	17,314	+10,873
Profit before income taxes	4,524	6,064	+1,540
Depreciation and amortization	2,024	2,117	+93
Amortization of goodwill	2,225	2,055	(170)
Increase (decrease) in accounts receivable	1,818	4,245	+2,427
Increase (decrease) in inventories	567	(1,707)	(2,274)
Increase (decrease) in other accounts receivable	(992)	(1,316)	(324)
(Increase) decrease in accounts payable	(1,668)	3,983	+5,651
Net cash used in investing activities	(3,759)	(8,261)	(4,502)
Payments for purchases of property, plant and equipment and intangible fixed assets	(2,974)	(3,590)	(616)
Purchase of subsidiaries' shares resulting in obtaining controls	(257)	(2,223)	(1,966)
Net cash provided by financing activities	5,702	(5,630)	(11,332)
Net increase in cash and cash equivalents	8,385	3,422	(4,963)
Cash and cash equivalents at end of the year	54,316	58,432	+4,116

► Figures in the table are rounded down

Business Value Analysis

	FY4/21 2Q	FY4/21	FY4/22 2Q	Change
Shareholders' equity ratio (%)	56.0	56.8	55.0	(1.0)
Market value equity ratio (%)	129.6	105.6	112.3	(17.3)
PER (times)	49.17	32.11	35.43	(13.74)
EPS (¥)	74.24	189.04	94.68	+20.44
PBR (times)	2.31	1.86	2.05	(0.26)
BPS (¥)	3,151.54	3,267.49	3,285.58	+134.04
ROA (%)	1.3	3.4	1.6	+0.3
ROE (%)	2.4	5.9	2.9	+0.5
EBITDA (¥ million)	8,176	19,612	9,949	+1,773
EV/EBITDA (times)	26.74	8.80	18.94	(7.80)
Net D/E ratio (times)	(0.36)	(0.37)	(0.42)	(0.06)
Net cash (¥ million)	40,537	43,171	48,704	+8,167
Shareholders' value (¥ million)	259,191	215,710	237,005	(22,186)
Market capitalization (¥ million)	258,619	215,043	236,375	(22,244)

- ▶ Figures in the table are rounded down ▶ Change : FY4/22 2Q compared with FY4/21 2Q
- ▶ Net D/E ratio = (Interest-bearing debt – Cash on hand and in banks) / Shareholders' equity
- ▶ Shareholders' value = EV – Net interest-bearing debt
- ▶ Market capitalization : Treasury stock is excepted
- ▶ Share prices used to calculate market capitalization:
End-FY4/21 2Q ¥7,300 (End-Oct,2020), End-FY4/21 ¥6,070 (End-Apr,2021), End-FY4/22 2Q ¥6,710 (End-Oct,2021).
- ▶ Net cash = Cash on hand and in banks – Interest-bearing debt (Long-and short-term debt + Lease obligations)

FY4/22 Plan (Consolidated)

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

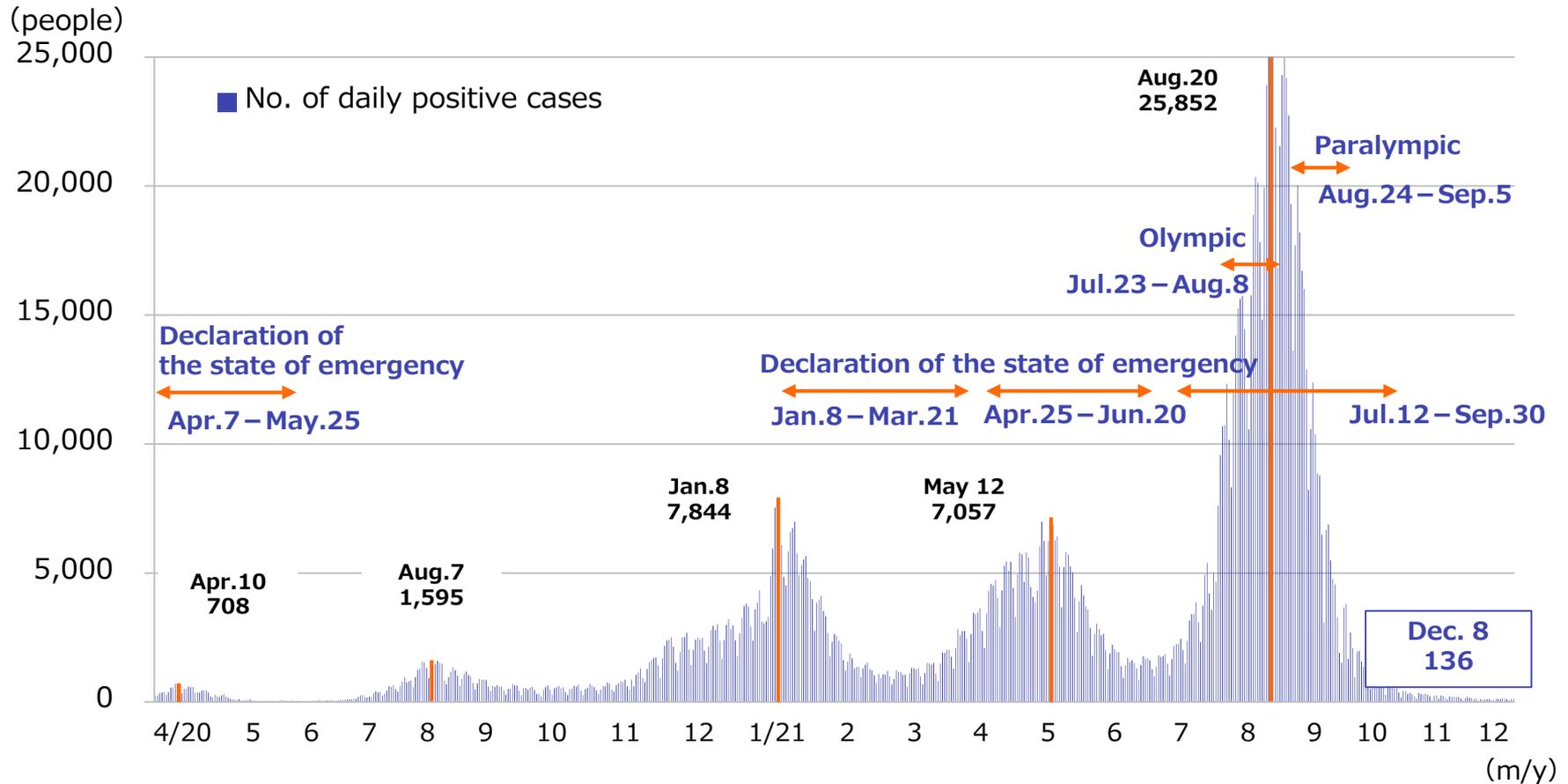
(¥ million)	FY4/20 results	FY4/21 results	FY4/22 plan	YoY change	YoY change(%)
Net sales	292,615	297,305	315,000	+17,695	+6.0
Gross profit	46,861	46,155	51,600	+5,445	+11.8
% of net sales	16.0	15.5	16.4		
SG&A expenses	30,793	35,222	36,600	+1,378	+3.9
% of net sales	10.5	11.8	11.6		
Operating profit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

► Figures in the table are rounded down

Review

Daily new COVID-19 cases across Japan

As of December 8, the number of domestic cases of the COVID-19 infection and deaths was 1,727,904 and 18,369, respectively.

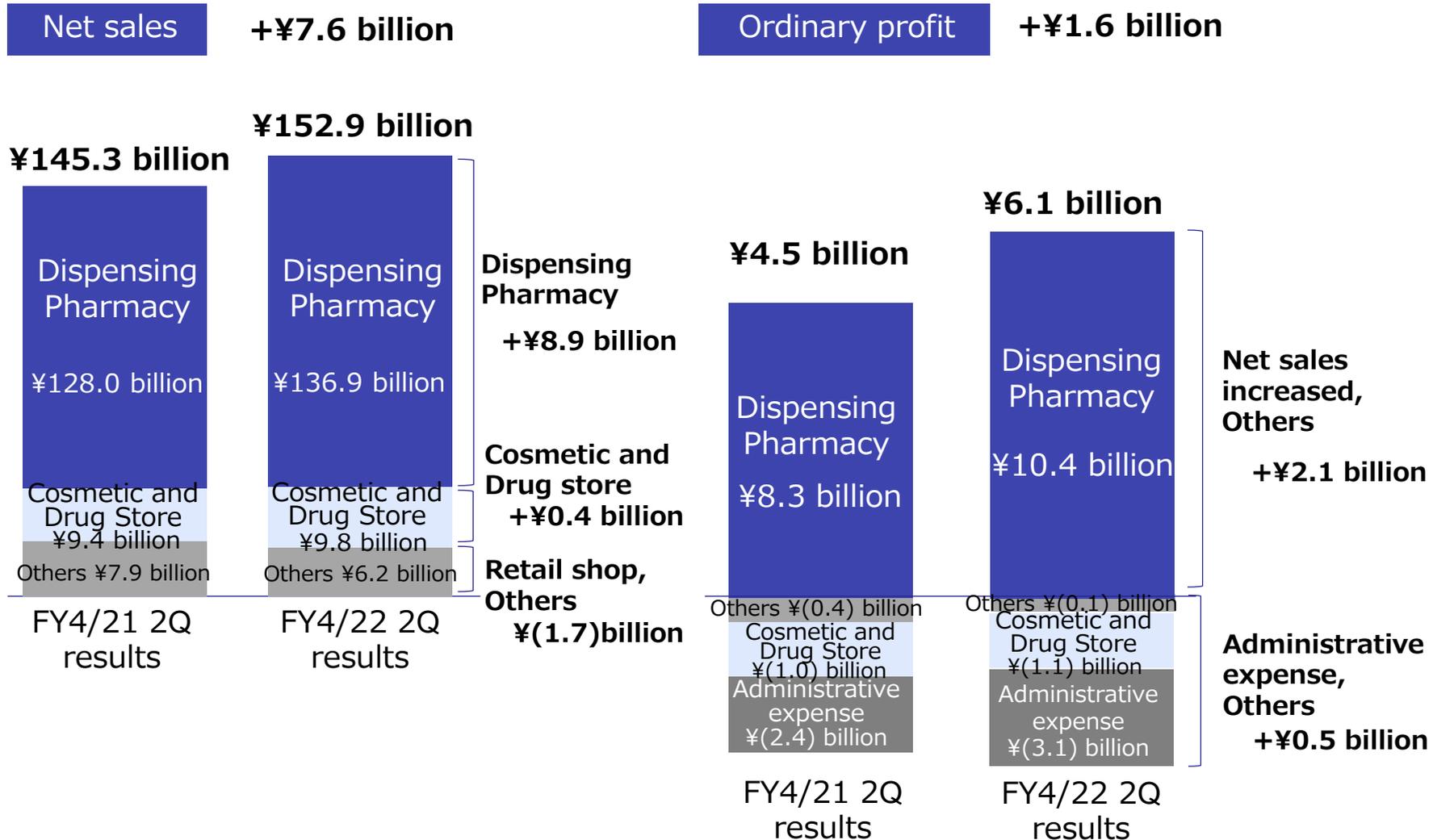


▶ the Ministry of Health, Labour and Welfare's Open Data on the COVID-19

▶ The period of declaration of the state of emergency is taken from the region with the longest period

Review (YoY)

Ordinary profit increased ¥1.6 billion due to increase of net sales in dispensing pharmacy business.

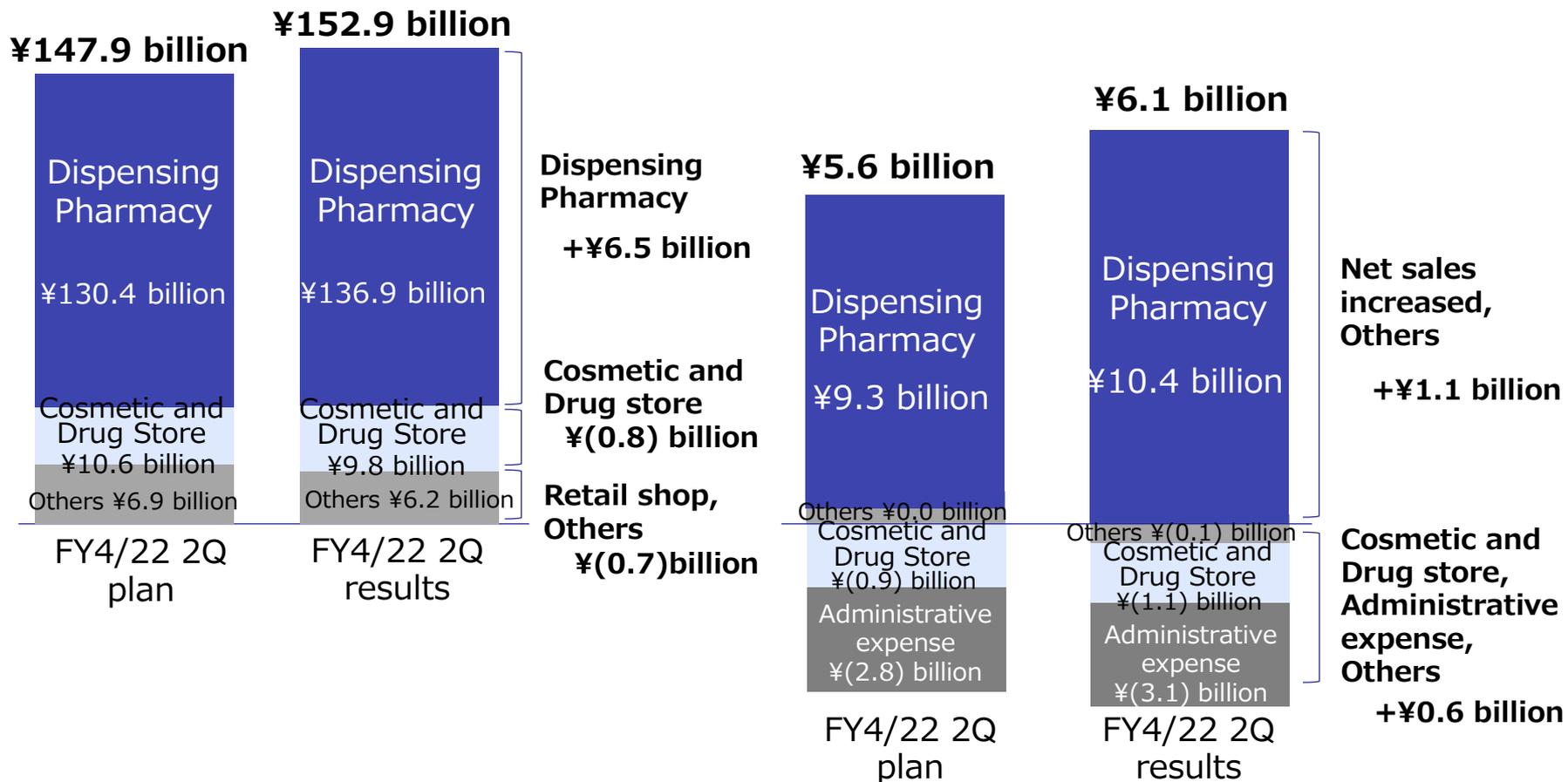


Review (Vs plan)

Net sales achieved the plan due to the steady increase of the dispensing pharmacy business, and ordinary profit increased ¥0.5 billion against the plan.

Net sales **+¥5.0 billion**

Ordinary profit **+¥0.5 billion**



Strategy

Strategy

Expansion of Top-line

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

Recruitment and training of human resources

- Planning to hire **600 newly graduated pharmacists** (hired **613 new pharmacists in FY4/21**)
- Newly assign **100 employees dedicated to the management of dispensing pharmacies**
- Training of human resources

Reinforcing the Group's business base

- Securing specialized human resources with expertise in IT and logistics
- Promoting Sustainable Management
- Improving the customer services by enhancing official app and EC website

Expansion and turnaround of AINZ&TULPE

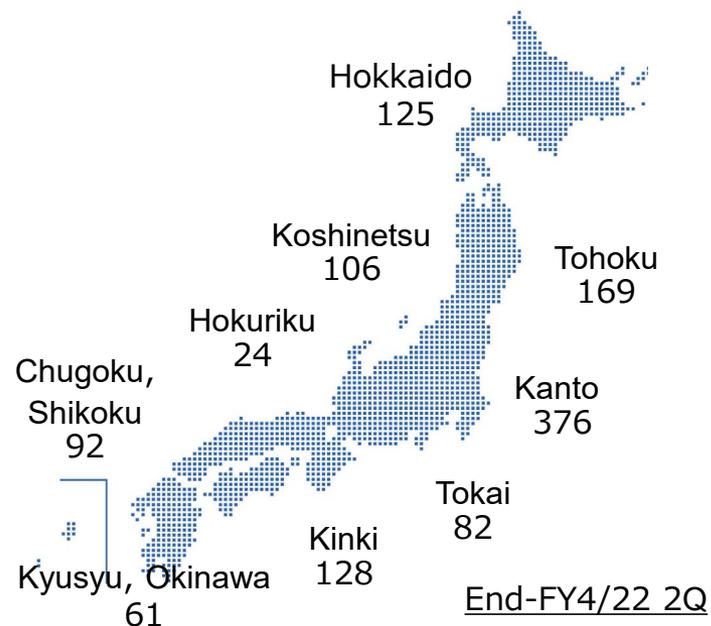
- Opening stores in satellite city are and optimizing management costs

Top-line

The group opened 37 stores including M&A, and closed 8 stores during the FY4/22 2Q.

■ Plan

		FY4/22 2Q		FY4/22
		Plan	Results	Plan
Opening	Dispensing Pharmacy	30	33	80
	Organic	13	12	40
	M&A	17	21	40
	Cosmetic and drug store	4	4	15
Total		34	37	95
Closure	Dispensing Pharmacy	5	7	5
	Cosmetic and drug store	1	1	2
Total		6	8	7
Dispensing Pharmacy		1,090	1,091	1,140
Cosmetic and drug store		72	72	82
Total no. of stores		1,162	1,163	1,222



■ Transition of dispensing pharmacies

	FY4/14	FY4/15	FY4/16	FY4/17	FY4/18	FY4/19	FY4/20	FY4/21	FY4/21 2Q
Organic	36	40	32	27	25	23	14	15	12
M&A	26	119	110	182	11	134	6	14	21
EV/EBITDA ratio	3.94	4.77	5.37	5.50	3.96	4.88	3.71	3.74	4.26
Closed	6	21	15	24	73	54	64	52	7
Sold	1	1	1	2	32	30	42	34	3
No. of total stores	616	754	881	1,066	1,029	1,132	1,088	1,065	1,091

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

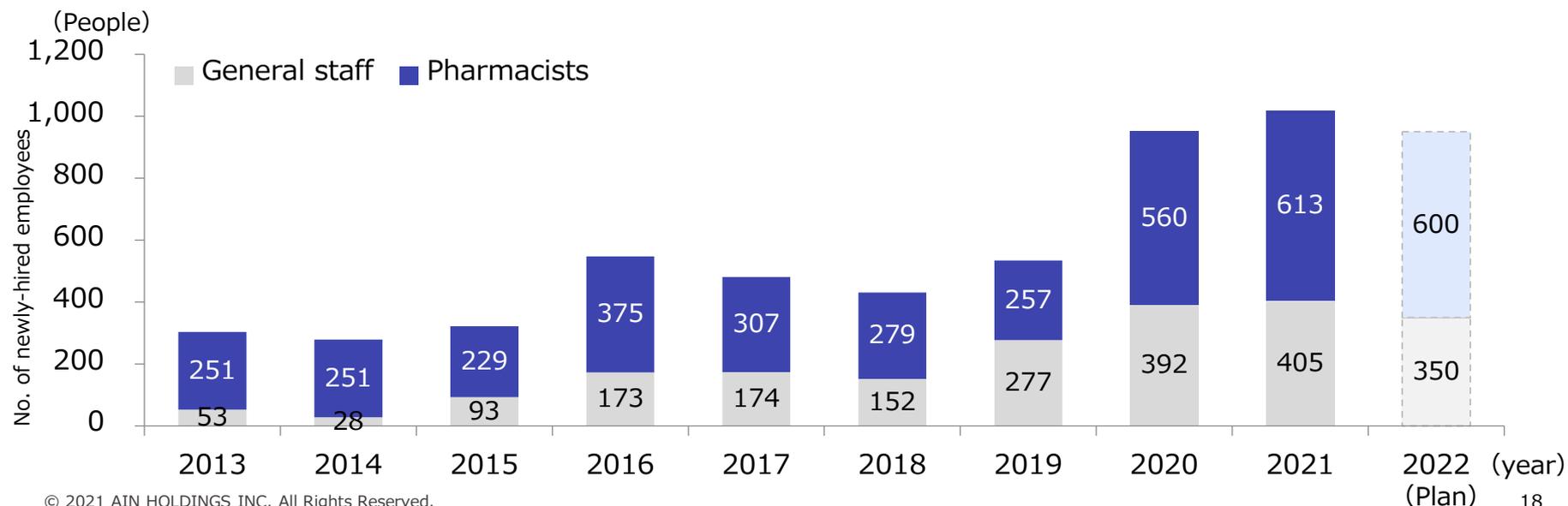
Recruiting of Pharmacists

In April 2021, new 613 pharmacists has joined our group. We aim to hire roughly the same number in fiscal 2022.

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

(People)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 (Plan)
No. of newly qualified pharmacists hired in AIN Group	251	251	229	375	307	279	257	560	613	600
No. of pharmacists' national examination passers (pass rate)	8,929 (79.1%)	7,312 (60.8%)	9,044 (63.2%)	11,488 (76.9%)	9,479 (71.6%)	9,584 (70.6%)	10,194 (70.9%)	9,958 (69.6%)	9,634 (68.7%)	-
Rate of newly qualified pharmacists hired in AIN Group	2.8% (7.0%)	3.4% (8.0%)	2.5% (8.0%)	3.3% (11.7%)	3.2% (10.0%)	2.9% (8.0%)	2.5% (5.8%)	5.6% (11.6%)	6.4% (12.3%)	-

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

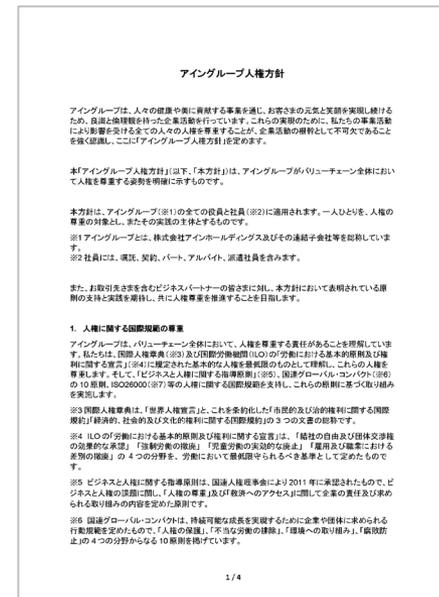


Sustainability Management

The group defined and disclosed important issues that should be addressed by the Group (materiality) in December 2020, and formulated a human rights policy in December 2021 as one of the initiatives for promoting respect of human rights.

Materiality	Related SDGs
<p>1. Contribute to local healthcare Pharmacies contributing to medical care that "treats and supports in the entire community"</p>	
<p>2. Provide beauty and happiness Providing beauty and happiness to enjoy daily life in today's society</p>	
<p>3. Safety, peace of mind and trust Delivering safety, peace of mind, and trust through daily operations</p>	<p>Preamble "realize the human rights of all"</p>
<p>4. Protect the environment and reduce environmental impact Contribute to environmental protection and load reduction</p>	
<p>5. Ensure sound management base Strengthen a sound management base</p>	<p>Preamble "realize the human rights of all"</p>
<p>6. Cooperate with local communities and businesses Promoting a healthy society and sustainability activities with local communities and supply chains</p>	

■ Materiality:5
Ensure sound management base
Formulated and disclosed the "Ain Group Human Rights Policy" by resolution of the Board of Directors on December 1, 2021.



AINZ & TULPE

AINZ & TULPE
plan to open in FY4/22

15

 stores

LACHIC FUKUOKA TENJIN
(October, 2021)



SEVEN PARK AMAMI (Osaka)
(November, 2021)



GRANDUO Tachikawa (Tokyo)
(September, 2021)



Fukuoka



TOKYU SQUARE MINATOMIRAI
(Kanagawa) (November, 2021)



Kagoshima



AMU PLAZA KAGOSHIMA
(October, 2021)

Ofuna (Kanagawa)
(July, 2021)



FY4/22 Plan (Consolidated)

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

(¥ million)	FY4/20 results	FY4/21 results	FY4/22 plan	YoY change	YoY change(%)
Net sales	292,615	297,305	315,000	+17,695	+6.0
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Annual dividend (¥)	55.00	55.00	55.00	+0.00	+0.0

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