

FY4/22 3Q

IR PRESENTATION

AIN HOLDINGS INC.
March 2022

Results Overview

Consolidated P/L

Net sales increased 6.6% YoY and 1.7% against the plan due to increase of sales in dispensing pharmacy business, despite the impact of the COVID-19. Ordinary profit increased 37.7% YoY and 2.4% against the plan due to increase of sales.

(¥ million)	FY4/21 3Q results	FY4/22 3Q plan	FY4/22 3Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	220,135	230,689	234,610	+14,475	+6.6	+1.7
Gross profit	33,159	37,207	36,500	+3,341	+10.1	(1.9)
% of net sales	15.1	16.1	15.6			
SG&A expenses	26,346	27,092	26,286	(60)	(0.2)	(3.0)
% of net sales	12.0	11.7	11.2			
Operating profit	6,813	10,114	10,214	+3,401	+49.9	+1.0
% of net sales	3.1	4.4	4.4			
Ordinary profit	7,845	10,542	10,800	+2,955	+37.7	+2.4
% of net sales	3.6	4.6	4.6			
Profit attributable to owners of parent	4,575	5,587	6,231	+1,656	+36.2	+11.5
% of net sales	2.1	2.4	2.7			
Earnings per share(¥)	129.16	157.72	176.89	+47.73	+37.0	+12.2

► Figures in the table are rounded down

Dispensing Pharmacy Business (Consolidated)

Net sales increased 8.0% YoY and 3.6% 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 29.2% YoY and 10.4% against the plan due to increase of sales.

(¥ million)	FY4/21 3Q results	FY4/22 3Q plan	FY4/22 3Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	194,284	202,501	209,793	+15,509	+8.0	+3.6
Gross profit	23,481	26,475	27,703	+4,222	+18.0	+4.6
% of net sales	12.1	13.1	13.2			
SG&A expenses	10,601	10,704	10,385	(216)	(2.0)	(3.0)
% of net sales	5.5	5.3	5.0			
Operating profit	12,880	15,771	17,318	+4,438	+34.5	+9.8
% of net sales	6.6	7.8	8.3			
Segment profit	13,769	16,103	17,784	+4,015	+29.2	+10.4
% of net sales	7.1	8.0	8.5			
Number of pharmacies	1,057	1,106	1,097	+40	+3.8	(0.8)

▶ Figures in the table are rounded down

Cosmetic and Drug Store Business (Consolidated)

Net sales up 6.3% YoY and declined 13.9% 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 ¥1,474 million, ¥664 million below the plan.

(¥ million)	FY4/21 3Q results	FY4/22 3Q plan	FY4/22 3Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	14,386	17,750	15,286	+900	+6.3	(13.9)
Gross profit	5,335	6,500	5,170	(165)	(3.1)	(20.5)
% of net sales	37.1	36.6	33.8			
SG&A expenses	6,976	7,340	6,693	(283)	(4.1)	(8.8)
% of net sales	48.5	41.4	43.8			
Operating profit	(1,641)	(840)	(1,522)	+119	-	-
% of net sales	-	-	-			
Segment profit	(1,507)	(810)	(1,474)	+33	-	-
% of net sales	-	-	-			
Number of stores	65	74	74	+9	+13.8	+0.0

▶ Figures in the table are rounded down

Consolidated B/S

Net cash became ¥46,743 million and shareholders' equity ratio became 56.8%. 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 3Q			
Assets		Liabilities	
Current assets	94,837	Current liabilities	77,991
Cash on hand and in banks	55,641	Short-term debt	2,746
		Lease obligations	38
Fixed assets	113,157	Long-term liabilities	11,889
Goodwill	38,172	Long-term debt	6,100
		Lease obligations	13
Deferred assets	-	Total net assets	118,113
Total assets	207,994	Total liabilities and net assets	207,994
Net cash		46,743	
Shareholders' equity ratio(%)		56.8	

▶ 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 ¥4,332 million from the end of the previous fiscal year due to increase of cash on hand and in banks.

(¥ million)	End-FY4/21 3Q	End-FY4/21	End-FY4/22 3Q	Change
Cash on hand and in banks	54,756	55,271	55,641	+370
Notes and accounts receivable	11,866	13,475	10,707	(2,768)
Inventories	15,598	14,285	16,972	+2,687
Total current assets	92,246	96,398	94,837	(1,561)
Buildings and structures, net	16,333	16,270	17,984	+1,714
Land	10,401	10,390	8,745	(1,645)
Lease assets	128	100	42	(58)
Total property, plant and equipment	30,492	30,229	30,634	+405
Goodwill	39,570	39,057	38,172	(885)
Lease assets	3	1	0	(1)
Total intangible fixed assets	42,919	42,666	42,617	(49)
Investments in securities	2,389	2,697	3,204	+507
Deferred tax assets	4,250	4,415	4,614	+199
Deposits and guarantees	19,390	20,319	22,893	+2,574
Total investments and other assets	33,113	34,368	39,904	+5,536
Total fixed assets	106,526	107,264	113,157	+5,893
Total deferred assets	-	-	-	-
Total assets	198,772	203,662	207,994	+4,332

▶ Figures in the table are rounded down ▶ Change: End-FY4/22 3Q compared with End-FY4/21

▶ Capital expenditures (Property, plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥9,125 million

Liabilities and Net Assets

Accounts payable increased ¥5,518 million due to the increased purchases from new store openings and M&A. Short-term and long-term debt decreased ¥3,121 million due to repayment.

(¥ million)	End-FY4/21 3Q	End-FY4/21	End-FY4/22 3Q	Change
Accounts payable	46,700	46,758	52,276	+5,518
Short-term debt	3,975	3,670	2,746	(924)
Lease obligations	113	94	38	(56)
Total current liabilities	71,197	74,160	77,991	+3,831
Long-term debt	8,567	8,297	6,100	(2,197)
Lease obligations	57	37	13	(24)
Total long-term liabilities	13,917	13,664	11,889	(1,775)
Total liabilities	85,114	87,825	89,881	+2,056
Common stock	21,894	21,894	21,894	-
Capital surplus	20,500	20,500	20,500	-
Retained earnings	71,385	73,506	77,800	+4,294
Total shareholders' equity	113,778	115,899	118,177	+2,278
Total net assets	113,657	115,837	118,113	+2,276
Total liabilities and net assets	198,772	203,662	207,994	+4,332

▶ Figures in the table are rounded down ▶ Change: End-FY4/22 3Q compared with End-FY4/21

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.

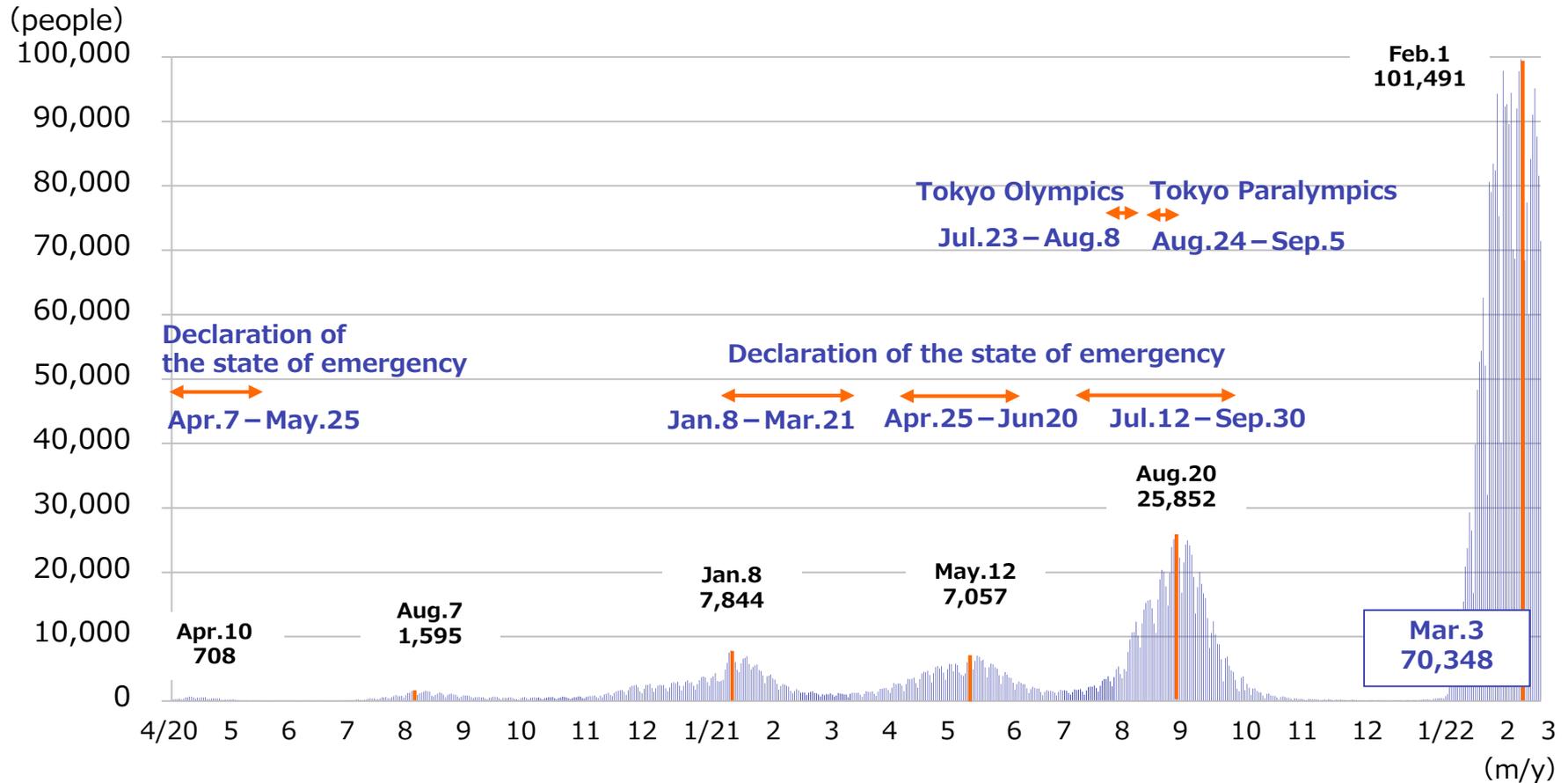
(¥ million)	FY4/20 results	FY4/21 results	FY4/22 plan	YoY change	YoY change(%)
Net sales	292,615	297,305	315,000	+17,695	+6.0
Gross profit	46,861	46,155	51,600	+5,445	+11.8
% of net sales	16.0	15.5	16.4		
SG&A expenses	30,793	35,222	36,600	+1,378	+3.9
% of net sales	10.5	11.8	11.6		
Operating profit	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

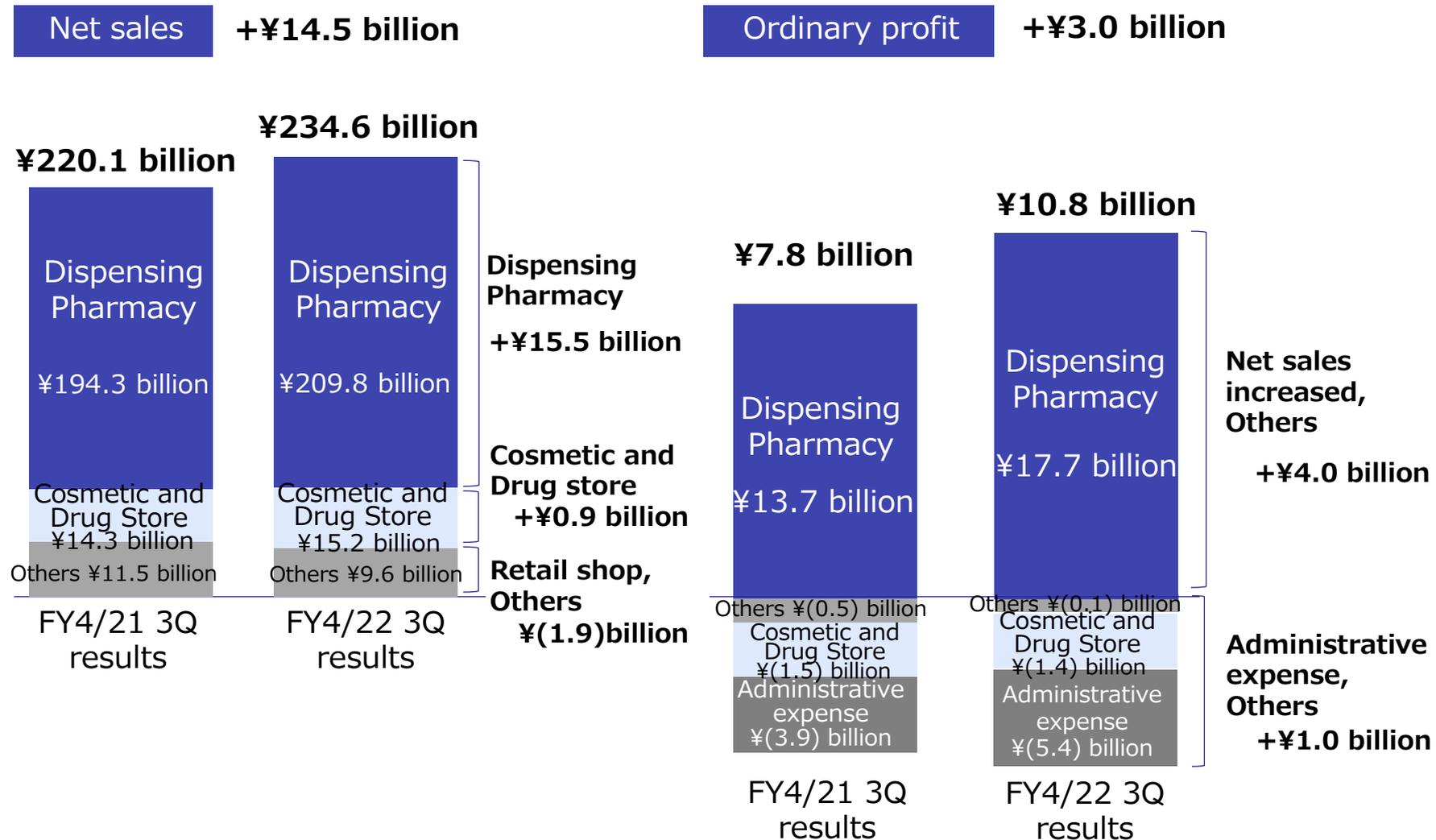
As of March 3, the number of domestic cases of the COVID-19 infection and deaths was 5,221,427 and 24,401, respectively.



- ▶ 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 ¥3.0 billion due to increase of net sales in dispensing pharmacy business.

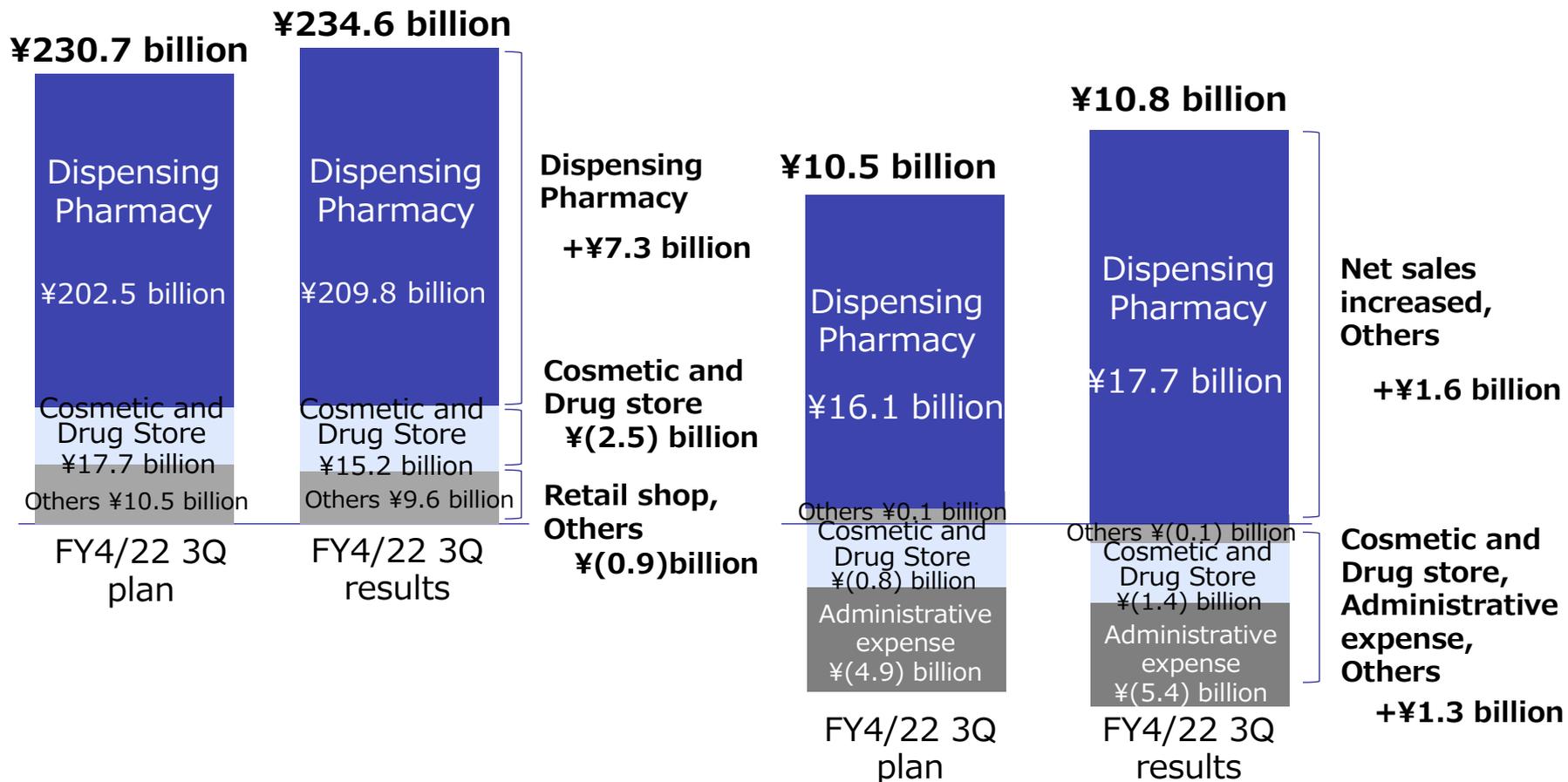


Review (Vs plan)

Net sales achieved the plan due to the steady increase of the dispensing pharmacy business, and ordinary profit increased ¥0.3 billion against the plan.

Net sales **+¥3.9 billion**

Ordinary profit **+¥0.3 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 (Field Manager system)**
- 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

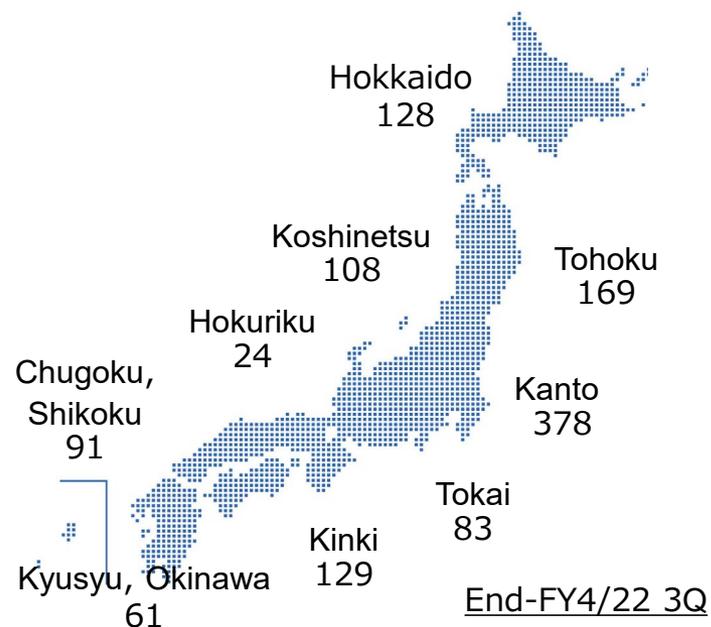
- Opening stores in satellite city are and optimizing management costs

Top-line

The group opened 46 stores including M&A, and closed 9 stores during the FY4/22 3Q.

Plan

		FY4/22 3Q		FY4/22
		Plan	Results	Plan
Opening	Dispensing Pharmacy	46	40	80
	Organic	24	18	40
	M&A	22	22	40
	Cosmetic and drug store	6	6	15
Total		52	46	95
Closure	Dispensing Pharmacy	5	8	5
	Cosmetic and drug store	1	1	2
Total		6	9	7
Dispensing Pharmacy		1,106	1,097	1,140
Cosmetic and drug store		74	74	82
Total no. of stores		1,180	1,171	1,222



Transition of dispensing pharmacies

	FY4/14	FY4/15	FY4/16	FY4/17	FY4/18	FY4/19	FY4/20	FY4/21	FY4/22 3Q
Organic	36	40	32	27	25	23	14	15	18
M&A	26	119	110	182	11	134	6	14	22
EV/EBITDA ratio	3.94	4.77	5.37	5.50	3.96	4.88	3.71	3.74	4.21
Closed	6	21	15	24	73	54	64	52	8
Sold	1	1	1	2	32	30	42	34	4
No. of total stores	616	754	881	1,066	1,029	1,132	1,088	1,065	1,097

▶ 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.



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)



Tokyo

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